

1 C. Dondzila

2 UNITED STATES BANKRUPTCY COURT

3 SOUTHERN DISTRICT OF NEW YORK

4 Case No. 12-12020(MG)

5  
6 In re:

7 RESIDENTIAL CAPITAL, LLC,

8 et al

9 Debtors.

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12  
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14  
15 DEPOSITION OF CATHY DONDZILA

16 Washington, D.C.

17 October 17, 2013

18  
19 Yellow Highlighting = JSN Designation

Pink Highlighting = Plaintiff's Designation & Counter-Designation

20 Orange Highlighting = Joint Designation

21  
22  
23  
24 Reported by: Mary Ann Payonk, NCRR

25 Job No. 66921

1 C. Dondzila

2  
3  
4  
5 October 17, 2013

6 10:04 a.m.

7  
8 Deposition of CATHY DONDZILA, held at  
9 the law offices of Morrison & Foerster, 2000  
10 Pennsylvania Avenue, N.W., Washington, D.C.,  
11 pursuant to Notice before Mary Ann Payonk,  
12 NCRR, Nationally Certified Realtime Reporter  
13 and Notary Public of the District of Columbia.  
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20  
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23  
24  
25

1 C. Dondzila

2 APPEARANCES:

3 ON BEHALF OF DEBTOR and THE WITNESS:

4 JEFFREY LIPPS, ESQUIRE

5 CARPENTER LIPPS & LELAND

6 280 Plaza

7 Columbus, OH 43215

8  
9 ON BEHALF OF THE COMMITTEE OF UNSECURED  
10 CREDITORS:

11 P. BRADLEY O'NEILL, ESQUIRE

12 KRAMER LEVIN NAFTALIS & FRANKEL

13 1177 Avenue of the Americas

14 New York, NY 10036

15  
16 ON BEHALF OF JUNIOR SECURED LENDERS:

17 DAN PERRY, ESQUIRE

18 HAILEY DeKRAKER, ESQUIRE

19 MILBANK TWEED HADLEY & McCLOY

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21 New York, NY 10005

1 C. Dondzila

2 Appearances (Cont'd.):

3 ON BEHALF OF ALLY:

4 JODI WU, ESQUIRE

5 KIRKLAND & ELLIS

6 655 Fifteenth Street, N.W.

7 Washington, D.C. 20005

8  
9 ON BEHALF OF DEBTORS:

10 ALEXANDRA STEINBERG BARRAGE, ESQUIRE

11 ROBERT BAEHR, ESQUIRE

12 MORRISON & FOERSTER

13 2000 Pennsylvania Avenue, N.W.

14 Washington, D.C. 20006

15  
16  
17 ON BEHALF OF WELLS FARGO

18 MARK SILVERSCHOTZ, ESQUIRE (By phone)

19 ReedSmith

20 599 Lexington Avenue

21 New York, NY 10022

1 C. Dondzila

2 Appearances (Cont'd.)

3 ON BEHALF OF BONY MELLON TRUST COMPANY NA AS  
4 TRUSTEE FOR INDENTURED TRUSTEE:

5 JAMES MOORE, ESQUIRE (By phone)

6 DECHERT

7 1095 Avenue of the Americas

8 New York, NY 10036

9  
10 ALSO PRESENT:

11 Jordan Mummert, Legal Video Specialist

12 Jennifer Scoliard, Esquire

13 V.P., Assistant General Counsel

14 Ocwen Financial Corporation

1 C. Dondzila

2 THE VIDEOGRAPHER: This is the  
3 start of the tape labeled number 1 of  
4 the videotaped deposition of Cathy  
5 Dondzila In Re: Residential Capital LLC.

6 This deposition is taking place at  
7 2000 Pennsylvania Avenue, Northwest,  
8 Washington, D.C. on October 17, 2013, at  
9 approximately 10:04 a.m.

10 My name is Jordan Mummert from  
11 TSG Reporting, Inc. I'm the legal video  
12 specialist.

13 The court reporter is Mary Ann  
14 Payonk, in association with  
15 TSG Reporting.

16 Will the counsel please introduce  
17 yourselves?

18 (Whereupon, counsel placed their  
19 appearances on the video record.)

20 THE VIDEOGRAPHER: The reporter may  
21 swear the witness.

1 C. Dondzila

2 CATHY DONDZILA,

3 called as a witness, having been duly  
4 sworn, was examined and testified as  
5 follows:

6 EXAMINATION

7 BY MR. PERRY:

8 Q. Good morning, Ms. Dondzila.

9 A. Good morning.

10 Q. So have you been deposed before?

11 A. I have not.

12 Q. Let me just go over a few of the  
13 ground rules for you.

14 I'm going to be asking you some  
15 questions. You're going to be giving answers.  
16 For the court reporter to take everything down,  
17 I'd ask that you let me finish my question  
18 before you start giving an answer. If you  
19 remember verbal responses, she can't take down  
20 head nods and the like. And I'll try and  
21 remind you as we go through the day.

22 If you don't understand one of my  
23 questions, please let me know and I'll do my  
24 best to rephrase it and make it more clear to  
25 you.

1 C. Dondzila

2 If you have a concern or a question  
3 about privilege, you're entitled to consult  
4 with your counsel. Otherwise, you may be  
5 hearing objections being made during the course  
6 of the deposition. I'd ask that you answer the  
7 question unless the objection involves  
8 privilege.

9 Do you have any questions?

10 A. I do not.

11 Q. Okay. Can you give me a run-through  
12 of your resume?

13 A. I am a graduate of Washington  
14 University in St. Louis, graduating in December  
15 of 1983. Immediately went into the employ of  
16 Touche Ross, now Deloitte & Touche. Worked  
17 with them for approximately nine years, left  
18 for a short turn with Credit Suisse First  
19 Boston in their internal audit department, and  
20 after probably six or eight months, left Credit  
21 Suisse First Boston and joined Bear Stearns.  
22 Left Bear Stearns in January of 2004 to join  
23 Freddie Mac, and in 2006 left Freddie Mac, did  
24 some private consulting with various clients,  
25 including GMAC, now Ally Financial, and in I



1 C. Dondzila

2 believe April of 2008 joined Residential  
3 Capital as a full-time employee. And left  
4 there in February of 2013 and am now employed  
5 at Ocwen Financial.

6 Q. So let's go back. Did you obtain a  
7 degree from Washington University?

8 A. I did. I have a Bachelor of Science  
9 with a concentration in accounting and finance.

10 Q. Are you a CPA?

11 A. I have passed the CPA exam. I am not  
12 active.

13 Q. Do you currently hold any  
14 professional licenses?

15 A. I do not.

16 Q. And other than the CPA license, have  
17 you ever held any other professional licenses?

18 A. I have. When I was at Bear Stearns,  
19 I believe, I had several Series 7, and there  
20 could have been another possibly Series 63. I  
21 don't remember exactly the number, but I did  
22 have some licenses at Bear Stearns.

23 Q. And what did you do at Touche Ross?

24 A. I was a member of the audit  
25 department and progressed from assistant to

1 C. Dondzila

2 senior manager performing audits for various  
3 clients.

4 Q. And what did you do at Credit Suisse?

5 A. I was a manager in the internal audit  
6 department.

7 Q. And how about at Bear Stearns?

8 A. I was part of the accounting  
9 department, progressing through the course of  
10 my career to be the senior managing director,  
11 business unit, controller for fixed income  
12 sales and trading.

13 Q. And what was your position at Freddie  
14 Mac?

15 A. I was a senior vice president,  
16 business unit -- I forget if we called  
17 ourselves business unit controllers or business  
18 unit accountants, but I was responsible for all  
19 of the accounting for the various business  
20 units within Freddie Mac.

21 Q. What was the nature of the private  
22 consulting work that you did for GMAC before  
23 you started there?

24 A. I was engaged to assist with a  
25 corporate objective of improving their close

1 C. Dondzila

2 process and worked to project manage across the  
3 organization to achieve that objective.

4 Q. And when you start with -- did you  
5 start with ResCap in 2008?

6 A. In --

7 Q. Let me ask this. What entity did you  
8 begin work for in April 2008?

9 A. I was employed by ResCap in 2008.

10 Q. And did you remain employed by ResCap  
11 for the entirety of your employment?

12 A. I did not. There was a period of  
13 time where we were switched to become employees  
14 of Ally, GMAC at that point, but now Ally  
15 Financial. And subsequently, we were then  
16 rebadged back to ResCap.

17 Q. Did your job responsibilities change  
18 when you were switched to Ally?

19 A. No.

20 Q. What were your responsibilities  
21 during the first time that you were employed at  
22 ResCap?

23 A. I started as the controller for the  
24 residential finance group, which was a segment  
25 then of ResCap.

1 C. Dondzila

2 Q. Do you know what entities, legal  
3 entities were housed in the residential finance  
4 group?

5 A. It would have cut across various  
6 legal entities, the most significant of which  
7 would have been GMAC Mortgage Corporation and  
8 Residential Funding Company, but would have  
9 included activities that were recorded and  
10 executed by other subsidiaries of those two  
11 entities.

12 Q. Did your title as controller for the  
13 residential financial group change during your  
14 five years with ResCap and Ally?

15 A. My role and my title did change, yes.

16 Q. Okay. When did that change occur?

17 A. The -- I believe it would have been  
18 in January or February of 2009. The  
19 then-controller of Residential Capital resigned  
20 and I was asked to take that role, which I did,  
21 and so in early 2009, I would have stepped into  
22 the role of controller for Residential Capital.

23 Q. And what additional responsibilities  
24 were involved in being the controller of  
25 Residential Capital?

1 C. Dondzila

2 A. There were a variety of segments  
3 within Residential Capital, so within my role I  
4 would have been responsible for the entire  
5 consolidated results -- the accounting process  
6 related to the entire consolidated results, and  
7 additionally, the preparation and review and  
8 issuance of financial statements for  
9 Residential Capital and any of its subsidiaries  
10 that required separate financial statements.

11 Q. Why did -- which of Residential  
12 Capital's subsidiaries required separate  
13 financial statements?

14 MR. LIPPS: At what particular  
15 point in time?

16 MR. PERRY: From 2009 forward.

17 A. Residential Capital as a condition of  
18 their indentures and as, at the time, a  
19 registered public company with the SEC, GMAC  
20 Mortgage in connection with its various state  
21 licenses, certain of its liquidity facilities  
22 and certain of its other contracts, including  
23 HUD and Ginnie Mae, Residential Funding Company  
24 for similar reasons as GMAC Mortgage, Ditech, I  
25 believe it was Ditech Financial but I may not

1 C. Dondzila

2 be getting the full name of that entity  
3 correct, but Ditech again for state licenses.  
4 And I don't know exactly what year Homecomings  
5 Financial stopped issuing financial statements.  
6 It may have been 2008 was the last set of  
7 financial statements for Homecomings, but  
8 Homecomings Financial also as part of its  
9 licensed activities had separate company  
10 financial statements prepared.

11 Q. Why did Homecomings stop issuing  
12 separate financial statements?

13 A. All of its business activities were  
14 sold, transferred, or discontinued, and it no  
15 longer had any licensing requirements that  
16 required financial statements.

17 Q. Was Homecomings -- when you say  
18 Homecomings, are you referring to Homecomings  
19 Financial LLC?

20 A. Yes.

21 Q. Did it stop conducting business  
22 activities in or around 2008?

23 A. I don't know the exact year that it  
24 stopped doing its business activities.

25 Q. And at the point that it stopped

1 C. Dondzila

2 doing its business activities did it maintain  
3 any assets?

4 A. It did.

5 Q. And what were its assets?

6 A. I don't know.

7 Q. And do you know why it wasn't wound  
8 up at the point in time when it stopped doing  
9 business?

10 A. Homecomings was listed as the named  
11 servicer for a variety of different, I believe  
12 private label securitizations, and the cost,  
13 effort, and exercise of having that changed was  
14 prohibitive, but until that was completed, it  
15 could not be shut down.

16 (Dondzila Exhibit No. 1 was marked for  
17 identification.)

18 BY MR. PERRY:

19 Q. Before you is Deposition  
20 Exhibit Dondzila 1. It purports to be a  
21 consolidated financial statement for  
22 Homecomings Financial LLC for the year ended  
23 December 2008. I'll represent to you,  
24 Ms. Dondzila, that we've looked in the  
25 production of documents that have been made in

1 C. Dondzila

2 the case. This is the last financial statement  
3 for Homecomings that we see produced. Can you  
4 just take a moment to review it?

5 My question to you is: Do you have  
6 any reason to believe that financial statements  
7 were prepared for Homecomings at any point  
8 after the year ended December 31, 2008?

9 MR. LIPPS: Objection. I think she  
10 answered that before, but go ahead.

11 A. I have no reason to believe that  
12 financials would have been issued for  
13 Homecomings Financial LLC after the period  
14 presented.

15 Q. And in terms of Homecomings' assets,  
16 are you able to identify from your review of  
17 Dondzila Exhibit 1 the nature of Homecomings'  
18 assets, at least as of year ended December 31,  
19 2008?

20 MR. LIPPS: Objection to form. Go  
21 ahead.

22 A. I can review and see the balance  
23 sheet as presented, the consolidated balance  
24 sheet, and could recite certainly the assets  
25 and liabilities presented.



1 C. Dondzila

2 Q. Well, there's a notation on the  
3 balance sheet -- and this for the record is the  
4 page stamped 2 and Bates labeled 122168. Do  
5 you see there it says affiliate receivables  
6 net? Is that a billion-dollar number?

7 A. The amount presented is  
8 \$1,051,047,000.

9 Q. Okay.

10 A. Rounded, presented in thousands.

11 Q. And do you know the nature of the  
12 affiliate receivable that was carried on the  
13 balance sheet of Homecomings?

14 A. I don't recall.

15 Q. Do you know which entities owed funds  
16 to Homecomings?

17 A. I don't know that without either  
18 closer review of the financial statements in  
19 the event that it's disclosed. I don't know  
20 that.

21 Q. Do you know whether there was ever  
22 any attempt to reconcile or pay, cash-settle  
23 the affiliate balances with Homecomings LLC?

24 A. There were monthly activities that  
25 ensured that balances between affiliates

1 C. Dondzila

2 reconciled, so I can confirm that there would  
3 have been reconciliation activities that  
4 occurred.

5 I am not aware of any activities  
6 related to settlements or payments related to  
7 those.

8 Q. Are you aware of any debt forgiveness  
9 with respect to Homecomings Financial LLC?

10 A. No.

11 Q. Is it correct that Homecomings  
12 Financial LLC was a guarantor on the junior  
13 secured notes, to your knowledge?

14 A. Not that I recall.

15 Q. Did the -- did your department  
16 maintain a list or an organizational chart that  
17 identified which entities served as guarantors  
18 and borrowers under the various facilities that  
19 the Residential Capital business had in place?

20 A. We would have as part of our SEC  
21 filings been required to provide schedules that  
22 identified guarantor entities.

23 Q. Did there come a time when -- strike  
24 that.

25 Did there come a time when you and

1 C. Dondzila

2 the people that reported to you began to  
3 scrutinize the intercompany balances among the  
4 various entities under Residential Capital LLC?

5 A. As I mentioned earlier, there would  
6 have been monthly activities that would have  
7 reconciled to ensure that all intercompany  
8 balances and activity was properly eliminated  
9 and also that any balances reconciled. So that  
10 would have been an ongoing, recurring close  
11 activity.

12 Separately, at some point, Ally --  
13 well, sorry. So we would have then  
14 periodically had occasion to review  
15 intercompany balances and other intercompany  
16 activities to the extent that we were looking  
17 at solvency and calculating various  
18 calculations for adjusted net worth, which  
19 would have occurred on a monthly basis, because  
20 we had to first off make sure that all entities  
21 were solvent under the definition as provided  
22 in the legal documents and contracts.

23 We also would have had as applicable  
24 calculations of adjusted net worth which did  
25 involve in certain states, in certain

1 C. Dondzila

2 instances, evaluations of intercompany  
3 balances.

4 We would have also, in connection  
5 with the dissolution of entities and legal  
6 entity minimization type initiatives on behalf  
7 of the organization, would have looked at, had  
8 occasion to look at intercompany balances.

9 We would have also looked at  
10 intercompany balances if or when there were  
11 circumstances that suggested we might need to  
12 use debt forgiveness as a means of maintaining  
13 compliance with adjusted net worth calculations  
14 and regulatory compliance with requirements.

15 We also then separately, sometime in  
16 2012, as a result of the implementation of our  
17 parent, Ally Financial, of a certification  
18 requirement, and also due to the issuance of a  
19 policy, would have undertaken an initiative to  
20 determine whether or if we were in compliance  
21 with that policy, and in order to support our  
22 certification.

23 Q. Okay. Let me try and unpack that a  
24 little bit.

25 Focusing on the first item that you

1 C. Dondzila

2 referenced in your prior answer, as I  
3 understood it, you -- there was an effort on  
4 the part of the controller's office to make  
5 sure that all of the entities under the ResCap  
6 LLC umbrella were solvent. Is that correct?

7 MR. LIPPS: Objection. Go ahead.

8 A. We monitored for solvency as part of  
9 the requirements of various of our liquidity  
10 facilities.

11 Q. And which of your liquidity  
12 facilities had solvency requirements in them?

13 A. The Ally Financial revolver, Ally  
14 Financial line of credit, and then I believe  
15 by -- at some point, all other liquidity  
16 facilities had it in large part because they  
17 all began to reference, mirror and sort of  
18 attach to each other in some fashion, so if  
19 changes were made to one, they were effective  
20 for all.

21 Q. And when you say monitor for  
22 solvency, what do you mean by that?

23 A. The definition of solvency was  
24 prescribed within each of the documents, and we  
25 would, on a monthly basis, be required to

1 C. Dondzila

2 ensure that each entity to which that solvency  
3 requirement applied met the threshold.

4 Q. And was there a document that you had  
5 that you would refer to that contained the  
6 definition of solvency prescribed in the  
7 documents?

8 A. Yes.

9 Q. Did you look at the lending documents  
10 themselves, or did you have some form of sheet  
11 that provided a test for you?

12 A. There was a sheet that was circulated  
13 by the treasury department that had summaries  
14 of the relevant certification requirements  
15 under each of the agreements that we used.

16 Q. And for purposes of making your  
17 solvency determination, did you consider  
18 intercompany balances for each of the  
19 individual entities for which you were  
20 evaluating solvency?

21 A. They would have formed assets or  
22 liabilities of the entities as recorded and so  
23 they would have been considered. There were no  
24 special adjustments for them, but they would  
25 have been considered as assets or liabilities

1 C. Dondzila

2 of the respective companies.

3 Q. Okay. So just to be clear, when you  
4 were evaluating solvency of, let's just say,  
5 GMAC Mortgage LLC, any receivables that GMAC  
6 Mortgage had from its affiliates pursuant to an  
7 intercompany was taken as an asset for purposes  
8 of your solvency analysis; correct?

9 A. That's correct.

10 MR. LIPPS: Objection to form.

11 A. Sorry.

12 Q. And do you -- maybe I asked this  
13 before, and if I did, I apologize. Do you  
14 recall which of the entities were monitored for  
15 solvency, let's just say, in 2009 forward?

16 A. I don't recall all of them.  
17 Obviously, GMAC Mortgage and Residential  
18 Funding Company were part of that, but there  
19 were certainly other entities that were  
20 monitored under those provisions.

21 Q. Was GMAC Residential Holding Company  
22 LLC monitored for solvency purposes?

23 A. I don't recall.

24 Q. Was Home Connects Lending Services  
25 LLC monitored for solvency purposes?

1 C. Dondzila

2 A. I don't recall.

3 Q. Was Passive Asset Transactions LLC  
4 monitored for solvency purposes?

5 A. I believe, yes, that that entity was.

6 Q. Was Residential Capital LLC monitored  
7 for solvency purposes?

8 A. Yes.

9 Q. And was Executive Trustee Services  
10 LLC monitored for solvency purposes?

11 A. I don't recall.

12 Q. Was RFC Asset Holdings II LLC  
13 monitored for solvency purposes?

14 A. I don't recall.

15 Q. And was Homecomings Financial LLC  
16 monitored for solvency purposes?

17 A. I don't recall.

18 Q. Okay. Turning to the -- you've  
19 testified there was solvency monitoring for  
20 purposes of the liquidity facilities. You also  
21 referenced regulatory compliance requirements  
22 with certain states. Can you explain what you  
23 meant by that?

24 A. In connection with the state licenses  
25 held by one or more of the entities within the



1 C. Dondzila

2 ResCap family, states would have a variety of  
3 different requirements, some of which were  
4 financial, and a member of my team would  
5 monitor the financial requirements that  
6 could -- and those states could involve  
7 establishment of a minimum net worth amount,  
8 each having their own definition of net worth.  
9 We did not monitor every state license  
10 requirement. We monitored the most restrictive  
11 of them.

12 In certain states, there were also  
13 requirements that could be linked to the size  
14 of the serviced portfolio. That was also  
15 monitored by us, and that would set sort of the  
16 amount of net worth that was required to be  
17 held.

18 Q. Now, did the state solvency  
19 requirements or the state net worth  
20 requirements, were they -- were the  
21 requirements the same or did they vary from  
22 state to state?

23 MR. LIPPS: Objection, asked and  
24 answered. Go ahead.

25 A. They varied by state.

1 C. Dondzila

2 Q. Okay. And what about on a

3 state-to-state basis, were the assets and

4 liabilities you could consider for purposes of

5 the net worth analysis the same or did they

6 differ?

7 A. Each had their own definition of what

8 was allowable and what went into the

9 calculation or didn't.

10 Q. And is it fair to say that in some

11 states, intercompany balances were allowable

12 and in other states, they were not, for

13 purposes of the net worth calculation?

14 A. Yes, that's fair to say.

15 Q. Now, you also referenced a -- let me

16 back up for a second.

17 Was there -- would Residential

18 Funding have to make an affirmative

19 certification to the various state regulators

20 as a result of the net worth analysis that you

21 did?

22 A. I don't know if there were any

23 affirmative certifications that were provided.

24 Q. Who would have provided those

25 certifications if they were required?

1 C. Dondzila

2 A. People in the compliance department.

3 Q. And would you send the results of the  
4 analysis that your department did on net worth  
5 to the compliance department on a regular  
6 basis?

7 A. I don't know if we sent them the  
8 actual results or if we just sent a  
9 notification that we were in compliance.

10 Q. And who from the compliance  
11 department was in charge of ensuring compliance  
12 with the adjusted net worth requirements of the  
13 various states?

14 A. I don't recall who in compliance did  
15 that.

16 Q. You also mentioned in your answer a  
17 certification requirement that came down in  
18 2012. What did you mean by that?

19 MR. LIPPS: Objection, form. But  
20 go ahead.

21 A. In connection with the issuance of  
22 their public financials on a quarterly and  
23 annual basis, Ally Financial required each of  
24 the business segments, as they define them, to  
25 provide certifications in support of the

1 C. Dondzila

2 signatures that executives would be -- and  
3 affirmations that executives of Ally Financial  
4 would be making in connection with those  
5 financial statements.

6 A component of those certifications,  
7 in 2012, there was a part that was added that  
8 related to compliance with the recently issued  
9 intercompany accounting policy.

10 Q. Do you know what led to the issuance  
11 of an intercompany policy in 2012?

12 A. I don't recall.

13 Q. Do you recall the nature of that  
14 policy?

15 A. No.

16 Q. In terms of certifying compliance  
17 with the policy, did you have occasion to  
18 evaluate whether the intercompany balances that  
19 were reflected on ResCap's books and records  
20 were actually collectable?

21 A. I don't recall all of the specific  
22 requirements of the policy.

23 Q. Was it more than simply ensuring that  
24 intercompany balance is eliminated in  
25 consolidation?

1 C. Dondzila

2 MR. O'NEILL: Objection, form.

3 A. I don't recall all the components of  
4 the policy.

5 (Dondzila Exhibit No. 2 was marked for  
6 identification.)

7 BY MR. PERRY:

8 Q. Before you, Ms. Dondzila, is Dondzila  
9 Deposition Exhibit 2. It's an email with an  
10 accompanying Excel spreadsheet. It bears the  
11 Bates label RCUCCJSN20085254. Can you just  
12 take a moment to familiarize yourself with the  
13 document?

14 Have you completed your review of  
15 Dondzila Exhibit 2?

16 A. I have.

17 Q. First question: The subject line --  
18 well, who's Barbara Westman?

19 A. Barbara Westman at the time of this  
20 email, February 23, 2012, was reporting to me  
21 as a senior director of accounting operations  
22 and compliance.

23 Q. And she writes you an email with the  
24 subject line "Intercompany Questions."

25 First question: Who was it that had

1 C. Dondzila

2 raised questions about intercompanies in or  
3 around February of 2012?

4 A. I don't recall.

5 Q. Do you know for what purpose the  
6 Excel spreadsheet attached to the email in  
7 Dondzila Exhibit 2 was prepared?

8 A. I do not.

9 Q. And if you go to the first page of  
10 the spreadsheet, there's some analysis of five  
11 intercompany balances. Do you see that?

12 A. I do.

13 Q. Focusing in the first instance on the  
14 description of the balance between Residential  
15 Capital and GMAC Residential Holdings, you see  
16 it says, "This balance acts as an LOC where  
17 GMACM can borrow funds, or contribute funds to  
18 ResCap as needed. This borrowing is funneled  
19 through its parent, Resi Holdings." Do you see  
20 that?

21 A. I do.

22 Q. Do you understand the term LOC to  
23 mean letter of credit?

24 A. I do.

25 Q. And is this, in your view, an

1 C. Dondzila

2 accurate statement of how the balance between  
3 Residential Capital and GMAC Residential  
4 Holdings functioned in or around February 2012?

5 A. Can you repeat the question, please?

6 Q. Is the description contained on this  
7 document consistent with your understanding of  
8 how the intercompany balance between GMACM or  
9 GMAC Residential Holdings and Residential  
10 Capital functioned in 2012 and previously?

11 A. Yes, I would say that that's  
12 consistent for the period of time that I was  
13 part of ResCap. I cannot speak to any time  
14 prior to my taking a permanent role within  
15 ResCap.

16 Q. Okay. And focusing your attention on  
17 the description one down of the Residential  
18 Capital/Residential Funding Company  
19 relationship, would you agree that that  
20 relationship was similar to the Residential  
21 Capital/GMAC Residential Holdings intercompany  
22 balance, at least insofar as the balance acted  
23 as a letter of credit where Residential Funding  
24 Company could borrow funds or contribute funds  
25 to ResCap as needed?

1 C. Dondzila

2 MR. LIPPS: Objection to form.

3 A. I first need to correct my earlier  
4 agreement with your statement that it's a  
5 letter of credit. I would actually call it a  
6 line of credit, not a letter of credit. But I  
7 would say that it -- again, for the period of  
8 time that I was there, this relationship would  
9 have been similar between Residential Capital  
10 and Residential Funding Company to the one  
11 above.

12 Q. Okay. And just so I understand it,  
13 the main operating companies were GMACM and  
14 Residential Funding Company; correct?

15 A. Those were the primary operating  
16 companies, yes.

17 Q. And when they needed capital, they  
18 were able to access it from Residential Capital  
19 LLC through intercompany transfers; correct?

20 A. Residential Capital, as the holding  
21 company that issued public debt, would then use  
22 those funds, yes, would deploy those funds into  
23 its operating companies, Residential Funding --  
24 principally, Residential Funding Company and  
25 GMAC Mortgage.



1 C. Dondzila

2 Q. And the concept was it was like a  
3 line of credit where, when the operating  
4 companies needed money, they'd have access to  
5 it, and then when they -- conversely, when they  
6 generated funds, they would upstream them to  
7 the parent in satisfaction of the line of  
8 credit; correct?

9 MR. LIPPS: Objection to form.

10 A. I don't believe that I can  
11 definitively state that the repatriation of  
12 cash back was, in fact, in a form intended to  
13 be a repayment. It was cash that was cycled  
14 up -- back to the holding company, but I  
15 would -- I do not have knowledge that it was  
16 specifically and solely intended to function as  
17 a repayment of debt.

18 Q. Okay. But whatever the intention  
19 was, the cycling of cash up would result in a  
20 reduction of the line of credit; correct?

21 A. That is correct.

22 Q. Looking at the third balance between  
23 Residential Funding and Homecomings Financial,  
24 it says the majority of this balance was  
25 created in 2008 when loans were sold from

1 C. Dondzila

2 Homecomings to its parent. No cash was  
3 exchanged.

4 Do you have any knowledge of how the  
5 Homecomings intercompany balance was created?

6 A. I don't have detailed knowledge of  
7 how that balance was created, no.

8 Q. And by this point in time, the only  
9 reason that Homecomings had not been wound up  
10 was because of the testimony you provided  
11 earlier about it being prohibitively expensive  
12 to do so, given its role as servicer under  
13 certain of the private label securitizations  
14 and other related issues; correct?

15 MR. LIPPS: Objection, form,  
16 characterization. And it's already been  
17 asked and answered and testified to by  
18 her. Go ahead.

19 A. I don't believe that my response was  
20 solely limited to the prohibitive expense.  
21 There were also administrative and other issues  
22 in addition to expense, so it wasn't solely  
23 limited to just the cost of doing it.

24 But my understanding is that that was  
25 a significant reason for why those were not --

1 C. Dondzila

2 Q. Okay.

3 A. -- liquidated. That entity, sorry,  
4 was not liquidated.

5 Q. Going down to the balance of GMAC  
6 Mortgage and Passive Assets Transactions. Is  
7 Passive Asset Transactions, did you call it  
8 PATI internally?

9 A. We did.

10 Q. And do you have any personal  
11 knowledge about the nature of the balance  
12 between PATI and GMAC Mortgage?

13 A. PATI was the owner of notes issued by  
14 two special purpose entities that were secured  
15 in whole by assets from our international  
16 operations. Those notes were as -- as those  
17 special purpose vehicles liquidated those  
18 assets, proceeds from those asset liquidations  
19 would have been distributed to the noteholders,  
20 which PATI was, and that would have generated  
21 cash within PATI, and as part of the sweeps  
22 that would occur, cash would be taken out of  
23 entities and swept up to a consolidated sort of  
24 treasury cash management function. And the  
25 sweep of cash would have resulted from the

1 C. Dondzila

2 creation of intercompany balances.

3 Q. How frequently did the cash sweeps  
4 occur?

5 A. I don't know how quickly -- how  
6 frequently those happened.

7 Q. Was it on a monthly, daily, weekly  
8 basis?

9 MR. LIPPS: Objection. Go ahead.

10 A. You'd have to check with treasury.

11 Q. And by this point in time in 2012,  
12 did PATI have any remaining assets, or had all  
13 the loans that served as its assets been sold?

14 A. Those were not the only assets within  
15 PATI that I recall. So it's possible that  
16 there were other assets within the entity.

17 Q. And going down to the next  
18 intercompany balance between GMAC Mortgage and  
19 Executive Trustee Services. What was the  
20 business of Executive Trustee Services?

21 A. To my knowledge, the business  
22 activities -- the principal business activities  
23 of Executive Trustee Services, which was  
24 composed of more than just a single entity, but  
25 that group of companies were attempts at

1 C. Dondzila

2 recovery against losses that were incurred for  
3 liquidated loans. So attempting to collect  
4 from borrowers any amounts that had been lost  
5 through other avenues, and also providing  
6 trustee services around the foreclosure  
7 process, so -- and for that, they received  
8 revenue.

9 Q. And is it the case that the revenue  
10 was then swept up as part of the process you  
11 described earlier in your testimony?

12 A. The revenue of the organization less  
13 the expenses that it incurred in connection  
14 with its business activities would have been  
15 part of the treasury centralized cash  
16 management process and would have been swept  
17 up.

18 Q. Okay. And similar to PATI, after  
19 the -- when the cash was swept up, Executive  
20 Trustee Services would receive a receivable in  
21 the form of an intercompany notation; correct?

22 A. That is correct.

23 Q. Okay. Now, do you know whether  
24 Executive Trustee Services pledged its equity  
25 in connection with the junior secured notes?

1 C. Dondzila

2 A. I don't recall.

3 Q. And do you -- similarly, do you know  
4 whether PATI was a pledger of its equity under  
5 the junior secured notes?

6 A. I don't recall.

7 (Dondzila Exhibit No. 3 was marked for  
8 identification.)

9 BY MR. PERRY:

10 Q. Before you is Dondzila Exhibit 3. It  
11 appears to be a draft -- well, is this  
12 document -- can you identify this document as a  
13 draft of the GMAC Mortgage LLC consolidated  
14 financial statements for the years ended  
15 December 2011 and December 2010?

16 MR. LIPPS: Talking about the  
17 attachment to the email?

18 MR. PERRY: The attachment, yes.

19 A. It's not obvious from the review of  
20 the attachment that it's a draft, but based on  
21 the cover memo, which I assume included the  
22 documents that were printed as the attachment,  
23 I would assume that that -- these would be  
24 drafts, yes.

25 Q. Why were you preparing financial

1 C. Dondzila

2 statements for two years rather than just a  
3 single year?

4 A. I don't recall.

5 Q. Was it always the case that the  
6 financial statements for GMAC Mortgage LLC  
7 contained two years of financial information?

8 A. To my knowledge for the period while  
9 I was there and responsible for the issuance,  
10 yes, it included two years.

11 Q. Okay. And was it prepared annually,  
12 or every two years?

13 A. It was prepared annually.

14 Q. Now, at some point in time, did you  
15 begin meeting with representatives of  
16 FTI Consulting?

17 A. Yes, in connection with the ResCap  
18 bankruptcy.

19 Q. Do you recall roughly when you began  
20 meeting with representatives of FTI Consulting  
21 in connection with the ResCap bankruptcy?

22 A. I don't recall the exact date.

23 (Dondzila Exhibit No. 4 was marked for  
24 identification.)

25 BY MR. PERRY:

1 C. Dondzila

2 Q. Before you is Dondzila Exhibit 4.

3 It's an email bearing the hopelessly complex  
4 Bates label RCJSNII10014735, and it's an email  
5 from Jeremy Stern to you and others.

6 First question: Is this in or around  
7 the time that you first began meeting with FTI?

8 A. I don't recall when our first  
9 interactions began.

10 Q. And do you recall FTI being  
11 interested and asking you to focus on ResCap  
12 intercompany information?

13 A. We -- yes, FTI was interested in  
14 intercompany information.

15 Q. Did they explain to you why they were  
16 interested in intercompany information?

17 A. As I recall, it was in part in  
18 connection with their waterfall analysis, and  
19 it was in part in connection with inquiries  
20 coming from various interested parties in the  
21 bankruptcy.

22 Q. And what did you understand FTI's  
23 waterfall analysis to be?

24 A. An analysis of the possible outcome  
25 of -- upon disposition of the ResCap assets and



1 C. Dondzila

2 settlement of its liabilities, the disposition  
3 of proceeds or net proceeds, I guess, to the  
4 various parties with an interest in the  
5 bankruptcy.

6 Q. And did they explain to you how the  
7 treatment of intercompanies would affect their  
8 waterfall analysis?

9 A. For the interactions that I had with  
10 them, we ignored the intercompany balances.

11 Q. What do you mean by that?

12 A. The information that I provided with  
13 regard to intercompany balances was more in  
14 response to inquiries from parties to the  
15 bankruptcy. In any documentation information  
16 that I sent or interacted with them in terms of  
17 the waterfall, the intercompany balances were  
18 excluded or separated.

19 Q. Okay. Did you ever ask them why they  
20 were separating the intercompany balances from  
21 the waterfall analysis they were running?

22 A. I did not, that I recall.

23 Q. Did they ever explain to you why  
24 parties to the bankruptcy were interested in  
25 the intercompanies?

1 C. Dondzila

2 A. I don't recall a specific

3 conversation about why other parties would be  
4 interested.

5 Q. Did you understand at the time you  
6 were talking to FTI whether the treatment of  
7 the intercompanies as debt versus equity would  
8 have an impact on the waterfall analysis?

9 A. Over the course of my interactions  
10 over the course of the ResCap bankruptcy --  
11 whether it was at this specific time or not, I  
12 do not know -- but I was aware of the -- I was  
13 aware that there could be different views about  
14 the treatment of these balances as either debt  
15 or equity. And yes, I was aware that that  
16 could have an impact on the financial  
17 disposition of the net assets of the company.

18 Q. And did FTI express a view to you at  
19 any point in time about whether they viewed the  
20 intercompanies as debt or equity?

21 A. Not that I recall.

22 Q. Did you sense that they were  
23 resistant to treating the intercompanies as  
24 debt?

25 MR. LIPPS: Objection to form.

1 C. Dondzila

2 A. I have no idea.

3 Q. Did you ever express a view to FTI

4 about your views about whether the

5 intercompanies were more properly expressed as

6 debt or equity?

7 A. I view that as a legal decision, and

8 if I did share any view, it would have been

9 that that's up to lawyers to decide.

10 Q. Okay.

11 MR. LIPPS: Yeah, and I don't want

12 you disclosing any conversations you had

13 with lawyers.

14 Q. Putting aside conversations with

15 lawyers, is it fair to say as a -- from a

16 financial perspective, the intercompanies were

17 debt, in your view?

18 MR. LIPPS: Objection to

19 characterization. Go ahead.

20 MR. O'NEILL: Objection.

21 A. The characterization of intercompany

22 balances in accordance with generally accepted

23 accounting principles would have classified

24 certain of them as receivables and payables and

25 certain of them as debt.

1 C. Dondzila

2 Q. And in terms of -- what -- in

3 accordance with generally accepted accounting  
4 principles, what intercompany balances are  
5 classified as payables and receivables?

6 A. Those would be more likely to be  
7 balances driven by activities that were not  
8 governed by a legal document, indicating more  
9 structure or form to the activity.

10 They would have involved transfers  
11 between entities for more ancillary activities,  
12 such as an erroneous payment of a -- I don't  
13 know, a -- an invoice by one or the other, or a  
14 payment of an invoice by one entity that was  
15 applicable to both that then needed to be  
16 charged over to the other.

17 So receivables and payables were,  
18 generally speaking, not interest bearing and  
19 would not have been governed by a legal  
20 contract document that would be otherwise  
21 characterized as debt.

22 Q. And did you form a view, just going  
23 back to a prior exhibit that we looked at, that  
24 listed -- is it Dondzila 3?

25 A. Okay.

1 C. Dondzila

2 Q. Did you form a view from a finance  
3 perspective, not from a legal perspective,  
4 whether -- actually --

5 MR. LIPPS: So we're going to  
6 Exhibit 2?

7 MR. PERRY: Exhibit 2.

8 MR. LIPPS: First page of the Excel  
9 attachment?

10 MR. PERRY: Yes.

11 Q. So did you form a view of, from a  
12 finance perspective, which of the balances  
13 reflected on this chart were debt and which  
14 ones were payables and receivables?

15 MR. LIPPS: Objection, form.

16 A. To look at the financial statements.  
17 I don't recall.

18 Q. Okay. So ultimately, if one wanted  
19 to determine how Residential Capital LLC was  
20 treating these balances from a financial  
21 perspective, you'd simply look at the financial  
22 statements of each of the entities reflected on  
23 the chart on Dondzila 2; correct?

24 MR. LIPPS: Objection, form.

25 A. The conclusions in terms of financial

1 C. Dondzila

2 statement presentation, yes, would be in there  
3 to the extent that one or the other was  
4 obviously disclosed.

5 MR. PERRY: Do you want to take a  
6 break? We have been going for an hour.

7 MR. LIPPS: Sure.

8 THE VIDEOGRAPHER: The time is  
9 11:11. We're off the record.

10 (Recess taken.)

11 THE VIDEOGRAPHER: The time is  
12 11:19. We're on the record.

13 (Dondzila Exhibit No. 5 was marked for  
14 identification.)

15 BY MR. PERRY:

16 Q. Before you, Ms. Dondzila, is Dondzila  
17 Deposition Exhibit 5. It's an email from  
18 Ms. Westman to you dated March 19, 2012.  
19 There's some description at the top of her  
20 email to you about an allocation of the GMACM  
21 management fee. Do you have an understanding  
22 of what Ms. Westman's telling you there?

23 A. Ally Financial allocated costs.  
24 Those allocations and charges related to those  
25 allocations were recorded initially to RFC,

1 C. Dondzila

2 Residential Funding Company, and then the  
3 appropriate portion would then be moved from  
4 Residential Funding Company down to GMAC  
5 Mortgage.

6 Q. When you say down to GMAC Mortgage,  
7 were they sister companies?

8 A. They are sisters, so it would have  
9 been over.

10 Q. Across or over; correct?

11 A. Uh-huh, correct.

12 Q. Do you know why Ally didn't just  
13 allocate a portion directly to GMACM?

14 A. I don't know.

15 Q. And did the allocation of management  
16 fees from Residential Funding to GMACM create  
17 an intercompany balance?

18 A. Yes, the -- yes, it would have  
19 created an intercompany balance between GMAC  
20 Mortgage and Residential Funding Company.

21 Q. And were there other transactions  
22 between Residential Funding Company and GMAC  
23 Mortgage that led to an -- intercompany  
24 balances between the two companies?

25 A. Yes.

1 C. Dondzila

2 Q. And what were those items?

3 A. I'm sure there are many. There was  
4 thousands of opportunities for activity. The  
5 most significant of which I know of would be  
6 the subservicing agreement between GMAC  
7 Mortgage with service, subservice loans on  
8 behalf of RFC.

9 Q. And as a result of subservicing on  
10 behalf of RFC, what was the -- was that -- was  
11 compensation for that activity handled through  
12 the intercompany accounts?

13 A. Yes, it would have been.

14 Q. And were there actual cash transfers  
15 that would go back and forth in consideration  
16 for that activity?

17 A. I don't recall.

18 Q. Was the intercompany account between  
19 GMAC Mortgage LLC and Residential Funding  
20 Company LLC cash-settled from time to time?

21 A. I don't recall.

22 Q. Just look at the schedule of other  
23 liabilities in Ms. Westman's email to you. And  
24 I'm focused -- does the liability payable to  
25 RFC reflect the intercompany balance between



1 C. Dondzila

2 GMAC Mortgage LLC and RFC?

3 A. Given this isn't the final draft of  
4 the financial statement, so not knowing if it  
5 officially and finally ended up with that being  
6 the balance, yes, at whatever point in time  
7 this email was drafted, that would represent  
8 what we believed to be the balance of the  
9 payable to RFC.

10 (Dondzila Exhibit No. 6 was marked for  
11 identification.)

12 BY MR. PERRY:

13 Q. Before you is Dondzila Deposition 6.

14 It's an email with a group of attachments. I'm  
15 interested in the first attachment, and  
16 specifically the second page of the attachment,  
17 which describes relationship number 7.

18 MR. LIPPS: It's the page that ends  
19 with the Bates number, last three, 113?

20 MR. PERRY: That's correct.

21 MR. LIPPS: Okay.

22 Q. Can you take a moment to review the  
23 description of relationship 7?

24 A. I've read it.

25 Q. Is the description provided -- well,

1 C. Dondzila

2 first of all, did you participate in the  
3 creation of this document?

4 A. I don't recall.

5 Q. Is the description contained  
6 concerning relationship 7 consistent with your  
7 understanding of the intercompany relationship  
8 between GMAC Mortgage and Residential Funding  
9 Company?

10 A. Yes, the three bullets that are  
11 called out are consistent with my  
12 understanding.

13 Q. Okay. Do you see there's a notation  
14 that says the last pre-petition settlement was  
15 in May 2012?

16 Do you have any knowledge of a cash  
17 settlement in connection with this intercompany  
18 in May of 2012?

19 A. I don't recall.

20 Q. And how would a -- would it require  
21 your approval for there to be a cash settlement  
22 of some or all of an intercompany balance --

23 A. No, it did not require --

24 MR. LIPPS: Let -- did you finish  
25 the question?

1 C. Dondzila

2 MR. PERRY: Yeah.

3 Q. You can answer.

4 THE WITNESS: I'm sorry.

5 A. No, it did not require my approval.

6 Q. Okay. And who would be the person or  
7 people that would determine whether to  
8 cash-settle an intercompany balance?

9 A. I don't recall.

10 Q. Is it people that reported to you,  
11 people that you reported to? How did it come  
12 to be that balances were cash-settled?

13 MR. LIPPS: Objection to form.

14 That's about two questions. But go  
15 ahead.

16 A. I don't know.

17 Q. If you go to relationship number 9,  
18 you see there's a description of the  
19 relationship between GMAC Mortgage and GMAC  
20 Residential Holding Company. Is GMAC  
21 Residential Holding Company something that  
22 people called Resi --

23 A. No.

24 Q. -- Holdings?

25 MR. LIPPS: Well, that's a

1 C. Dondzila

2 different question.

3 Q. What was GMAC Residential Holding  
4 Company called internally?

5 A. In short form, if it was ever  
6 referred that way, it would have been Resi  
7 Holdings.

8 Q. Resi Holdings? Okay.

9 And just so I understand it, cash  
10 flowed from Residential Capital LLC to GMAC  
11 Residential Holding Company LLC and then down  
12 to GMACM; is that correct?

13 A. That is correct.

14 Q. And do you -- there's a notation here  
15 that says the interest rate under this  
16 agreement fluctuates monthly and is a stated  
17 margin agreed to between the company and RHC,  
18 which is generally between 100 and 300 basis  
19 points above a quoted short-term market rate.  
20 Do you see that text?

21 A. I do.

22 Q. Do you believe that to be accurate?

23 A. I would have to look at the  
24 agreement.

25 Q. Okay. Did you -- did your group

1 C. Dondzila

2 participate in the determination of the  
3 interest rate to be charged on this particular  
4 intercompany balance at any point in time?

5 A. I don't recall.

6 Q. It says interest was accrued on a  
7 monthly basis until the petition date. Who  
8 would have been in charge of determining the  
9 interest accrual on this particular balance?

10 A. A member of my team would have  
11 calculated and recorded the accrual.

12 Q. Do you know why some of the  
13 intercompany relationships contain written  
14 credit facilities while others do not?

15 A. I don't.

16 Q. Was there any policy or procedure in  
17 place while you were controller that spoke to  
18 when an intercompany relationship had an  
19 underlying agreement and when it didn't?

20 A. Until the implementation of the Ally  
21 Financial intercompany policy, and only to the  
22 extent that that required it, which I don't  
23 recall, there was nothing during my term there  
24 that required it.

25 Q. Okay. And do you know why some of

1 C. Dondzila

2 the balances accrued interest and others did  
3 not?

4 A. I do not.

5 Q. Where were the contracts between the  
6 affiliated entities kept at Residential  
7 Capital?

8 A. I don't know with certainty who would  
9 have had them.

10 Q. Did your group have contracts between  
11 the -- between these entities?

12 A. We might.

13 Q. But you don't know one way or  
14 another?

15 A. Correct.

16 MR. LIPPS: Objection, asked and  
17 answered.

18 (Dondzila Exhibit No. 7 was marked for  
19 identification.)

20 BY MR. PERRY:

21 Q. Before you is Dondzila Exhibit 7.  
22 It's an email from Barbara Westman to Jeremy  
23 Stern. You're copied on the email. It  
24 attaches a -- back at the page ending 5117,  
25 something called ResCap restated loan

1 C. Dondzila

2 agreement.

3 Were you aware prior to receiving  
4 this email that there was a loan agreement  
5 between ResCap, Residential Capital LLC, and  
6 GMAC Mortgage -- well, strike that.

7 Were you aware prior to receiving  
8 this email that there was a loan agreement  
9 between Residential Capital Corporation and its  
10 wholly owned direct and indirect subsidiaries  
11 GMAC Residential Holding Corp., GMAC Mortgage  
12 Corp., and Residential Funding Corp.?

13 A. Yes.

14 Q. And what did you -- what was your  
15 understanding about the nature of that  
16 agreement?

17 A. My understanding of the agreement was  
18 what we disclosed in both of the respective  
19 GMAC Mortgage financial statements and in the  
20 Residential Funding Company financial  
21 statements, that there was a -- well, we'd have  
22 to look at the financial statements to see  
23 exactly how they were described. It would have  
24 been in accordance with the disclosures that we  
25 made.

1 C. Dondzila

2 Q. And did you understand that loan  
3 agreement to be in effect in 2011 and 2010?

4 MR. LIPPS: Let me object to the  
5 extent you're asking for some legal  
6 conclusion. But go ahead.

7 A. Yes, I was aware the agreement was  
8 outstanding during those periods.

9 Q. So your understanding -- I'm not  
10 asking for a legal conclusion, I'm just asking  
11 for your understanding as a financial  
12 professional -- was that there was a loan  
13 agreement, it was outstanding in 2010 and 2011.

14 A. That's correct.

15 Q. Okay. And was interest charged on  
16 any of the balances in connection with the loan  
17 agreement that's before you as Dondzila  
18 Exhibit 7?

19 A. I can confirm that it was in  
20 connection with a loan with Residential  
21 Holdings. I do not recall whether it was on  
22 the loan with Residential Holding Corp., or  
23 Residential Funding Corp.

24 Q. And who was it who would have been in  
25 charge of analyzing and assessing interest with



1 C. Dondzila

2 respect to this particular loan agreement?

3 A. A member of my team.

4 Q. Do you know who?

5 A. Matt McGarvey in the 2011, certainly,  
6 period. I don't recall when he joined the  
7 company.

8 Q. And would he have kept schedules of  
9 the interest charged?

10 A. Yes.

11 Q. And did -- who made -- was there a  
12 decision made not to charge interest on other  
13 of the balances between Residential Capital LLC  
14 and, say, Residential Funding Company LLC?

15 A. I don't recall if interest was  
16 charged.

17 Q. Okay. May have been, may not have  
18 been, you just don't know?

19 A. Correct.

20 MR. LIPPS: Objection, asked and  
21 answered.

22 THE WITNESS: Sorry.

23 Q. And so to the extent that interest  
24 was not charged, do you know who would have  
25 made that judgment?

1 C. Dondzila

2 A. The accountant responsible for review  
3 of the contract and in the context of the  
4 entries that were required each period.

5 Q. And how would interest have been  
6 recorded to the extent it was charged?

7 A. We would have debited -- well, if  
8 it's a receivable, you would debit interest  
9 receivable and credit interest income; and if  
10 it was a payable, it would credit interest  
11 payable and debit interest expense.

12 Q. So if I had an accounting  
13 professional that I wanted to direct to check  
14 whether interest was either credited or debited  
15 between, say, Residential Capital LLC and  
16 Residential Fundings LLC, could that  
17 professional in fact do that through reviewing  
18 the company's books and records?

19 A. Yes, they should be able to.

20 Q. Okay. And do you think -- are there  
21 individual entries on the general ledger for  
22 the interest charges?

23 A. I don't know that level of  
24 granularity.

25 Q. Could it also be the case that

1 C. Dondzila

2 intercompany transactions are recorded net of  
3 any interest charge?

4 MR. LIPPS: Objection to form, but  
5 go ahead.

6 A. Is your question on the balance sheet  
7 or on the income statement?

8 Q. Well, on the balance sheet.

9 A. It is possible that the interest  
10 could have been recorded to an intercompany  
11 balance that would have been netting against  
12 the principal amount of the receivable or  
13 payable.

14 Q. Okay. And in that circumstance, how  
15 would somebody go back to figure out if and how  
16 much interest was charged in that particular  
17 period?

18 A. In regards to interest that was  
19 charged or earned, the best way to do it would  
20 be to go to the income statement.

21 Q. And how would that be recorded on the  
22 income statement?

23 A. It would have either been part of a  
24 journal entry to interest income or expense, or  
25 would have been the journal entry. And if it

1 C. Dondzila

2 was part of a journal entry, there would  
3 presumably be documentation that would provide  
4 more granular detail of the components of that  
5 journal entry.

6 Q. And what would that documentation be?

7 MR. LIPPS: What, the journal  
8 entry?

9 MR. PERRY: Yeah.

10 Q. You referenced supporting  
11 documentation for a journal entry on the income  
12 statement.

13 MR. LIPPS: Oh.

14 A. It could include an Excel  
15 spreadsheet, could be a handwritten document  
16 saved in a file.

17 Q. Do you know whether Ms. Westman or  
18 anybody else ever undertook that particular  
19 review in connection with the prebankruptcy  
20 process where you're meeting with FTI?

21 A. The efforts that I'm aware of that  
22 Barb or others would have been involved in were  
23 reviews of the balance sheet, not the income  
24 statement.

25 Q. And do you know if anybody from FTI

1 C. Dondzila

2 ever asked Barb or others to review the income  
3 statement in connection --

4 A. I'm not aware.

5 Q. Okay. In terms of identifying the  
6 loan agreement that's before you on Dondzila 7,  
7 do you know what efforts were undertaken to  
8 find the agreement?

9 MR. LIPPS: I'm not sure I  
10 understand -- objection. I'm not sure I  
11 understand that question, but go ahead  
12 if you do.

13 A. Since I didn't provide it, I don't  
14 know what efforts went into procuring it.

15 Q. And nobody told you what efforts went  
16 into procuring the contract for Mr. Stern;  
17 right?

18 A. Not specifically.

19 Q. Now, did there come a time when you  
20 began evaluating whether to impair the  
21 intercompany between Residential Capital LLC  
22 and Residential Funding Company LLC?

23 A. In accordance with the issuance of  
24 separate company financial statements, we would  
25 have an obligation to evaluate all of the

1 C. Dondzila

2 assets of those entities for valuation or  
3 potential impairment under GAAP.

4 Q. And that would include intercompany  
5 payables or receivables; correct?

6 A. That is correct.

7 Q. And so just to summarize, if, in  
8 fact, you determined that Residential Capital  
9 LLC was not able to pay back the intercompany  
10 payable to Residential Funding Company LLC,  
11 Residential Funding Company LLC would then need  
12 to take an impairment on its books and records;  
13 correct?

14 MR. LIPPS: Objection.

15 MR. O'NEILL: Mischaracterizes the  
16 testimony.

17 A. In the event that based on  
18 qualitative and quantitative assessment,  
19 there's an impairment of an asset, there would  
20 be, in fact, a charge to the income statement  
21 of the entity on whose books that asset sat.

22 Okay. Before you is Westman  
23 Deposition Exhibit 31. It's a series of  
24 emails. Directing your attention to the second  
25 page of the exhibit, there's an email from you

1 C. Dondzila  
2 to Mary Risky and Janel Farley. Second page.

3 MR. LIPPS: Well, she's still  
4 looking through the exhibit.

5 THE WITNESS: Oh, the second  
6 exhibit.

7 MR. LIPPS: Second page.

8 MR. PERRY: Second page of the  
9 email.

10 MR. LIPPS: The one that has cc to  
11 Brandy Frank?

12 MR. PERRY: That's correct.

13 Q. So is it the case that at least as of  
14 April of 2011, your view was from a financial  
15 perspective, there was a reasonable expectation  
16 that Residential Funding Company LLC -- strike  
17 that. Strike that.

18 In April of 2011, is it accurate  
19 that, in your view, there was a reasonable  
20 expectation that Residential Capital LLC would  
21 have the capability of meeting its intercompany  
22 obligations to Residential Funding Company LLC?

23 A. This document doesn't make clear what  
24 I thought at that point in time related to  
25 ResCap to -- any payable that ResCap had to

1 C. Dondzila

2 RFC.

3 Q. Okay. So why don't you go to the  
4 second attachment, which is an email from  
5 Ms. Farley to Ms. Risky, copying you.

6 MS. BARRAGE: The Bates number?

7 MR. PERRY: It ends 15262.

8 Q. First of all, who's Kim Walsh?

9 A. Kim Walsh had several roles within  
10 the company, and I don't -- so at one point in  
11 time, she was the chief accounting officer for  
12 Ally Bank. She left and then came back at some  
13 point, and the dates, I don't know, but at some  
14 point, she came back and was a member of the  
15 accounting policy team working for Ally  
16 Financial.

17 Q. Okay. Looking at the second page,  
18 ending 15263, based on the time frame that this  
19 was sent, are you able to -- and Ms. Walsh's  
20 email signature, are you able to deduce whether  
21 she was a chief accounting officer or member of  
22 the accounting policy group at the time she  
23 sent this email?

24 A. At this point, she was part of the  
25 accounting policy group.



1 C. Dondzila

2 Q. And do you recall Ms. Walsh ever  
3 taking the view that the receivable between  
4 ResCap, Residential Capital LLC and Residential  
5 Funding Company LLC ought to be written down?

6 A. Not that I recall.

7 Q. And who's Janel Farley?

8 A. Janel Farley was a member of my team  
9 who assisted us with accounting policy  
10 questions.

11 Q. And who's Mary Risky?

12 A. Mary Risky was a director  
13 responsible for certain aspects of the  
14 accounting for ResCap.

15 Q. Okay. And if you go one paragraph  
16 down in Ms. Farley's email, she writes, "Based  
17 on Cathy's response earlier, I would recommend  
18 we respond to Kim, indicating that we have a  
19 reasonable expectation that ResCap will have  
20 the capability to meet its obligations. Since  
21 the receivable is not considered impaired, no  
22 entry was required. Do you agree?"

23 Do you have any recollection of what  
24 Ms. Farley's referring to there in that  
25 paragraph?

1 C. Dondzila

2 A. I don't recall.

3 Q. Do you recall Ms. Farley or anybody  
4 else from your group doing an assessment of  
5 whether the Residential Capital LLC,  
6 Residential Funding Company LLC needed to be  
7 impaired in 2011?

8 A. As I'd indicated earlier, we would  
9 have, in connection with the issuance of the  
10 separate company financial statements, needed  
11 to undertake an evaluation as to whether there  
12 were any impairments to any of the assets  
13 required.

14 Q. And do you recall any impairment  
15 taken with respect to the intercompany between  
16 Residential Capital LLC and Residential Funding  
17 Company LLC in 2011?

18 A. I do not.

19 Q. Do you have any knowledge -- well, do  
20 you believe -- well, strike that.

21 (Dondzila Exhibit No. 8 was marked for  
22 identification.)

23 BY MR. PERRY:

24 Q. Before you is Dondzila Exhibit 8.

25 It's an email from you to Ms. Westman and it

1 C. Dondzila

2 attaches a memorandum from Ms. Westman to the  
3 files. Can you take a moment to review the  
4 email and the attached document?

5 A. I've reviewed it.

6 Q. Okay. Do you recall the  
7 circumstances that led Ms. Westman to prepare  
8 this memo to file?

9 A. This would have been prepared in  
10 connection with the issuance -- the preparation  
11 and issuance of the annual financial statements  
12 for Residential Funding Company.

13 Q. And the -- this would have been the  
14 2010/2011 annual financial statements of  
15 Residential Funding Company; correct?

16 A. That is correct.

17 Q. Okay. And do you recall -- D&T I  
18 take it is a reference -- in the email is a  
19 reference to Deloitte & Touche?

20 A. That would be correct.

21 Q. And Deloitte & Touche was the  
22 independent auditor for Residential Funding  
23 Company LLC in 2010 and '11; correct?

24 A. They definitely were in 2011. We did  
25 switch auditors from PriceWaterhouse to

1 C. Dondzila

2 Deloitte & Touche at some point. I don't  
3 recall if that was 2009 or 2010.

4 Q. Okay. But at least by the time that  
5 you had written your email to Ms. Westman,  
6 Deloitte & Touche was the independent auditor;  
7 correct?

8 A. That's correct, for the 2011  
9 financial statement, they were absolutely the  
10 auditor.

11 Q. And do you recall Deloitte & Touche  
12 raising concerns that the receivable from  
13 the -- the RFC receivable from ResCap ought to  
14 be impaired?

15 A. They -- we did not take an  
16 impairment, and they issued an unqualified  
17 opinion with an emphasis paragraph in  
18 connection with those financial statements, so  
19 no, they did not have an issue with the  
20 decision to not impair.

21 Q. Okay. But is it fair to say that you  
22 engaged in dialogue with them about the  
23 decision not to impair in March of 2012?

24 A. In connection with the audit, we  
25 dialogued with the auditors in regards to every

1 C. Dondzila

2 significant matter, and this was one.

3 Q. And do you recall a meeting, an  
4 in-person meeting with somebody from Deloitte &  
5 Touche on this particular issue?

6 A. I don't recall a meeting specific to  
7 this.

8 Q. Do you recall a telephone call,  
9 discussions with Deloitte & Touche on this  
10 particular issue?

11 A. During the course of the year, and  
12 particularly during reporting cycles, I had  
13 weekly calls with Deloitte.

14 Q. And I'm just focused on whether you  
15 have a specific recollection as you sit here  
16 today of the content of a call or a meeting  
17 with Deloitte & Touche on this particular  
18 issue.

19 A. I do not.

20 Q. Okay. Turning to the conclusion  
21 paragraphs on page 2 of the memorandum, is it  
22 accurate that at least in March of 2012,  
23 management had concluded that ResCap maintained  
24 the ability to support its intercompany  
25 obligations with RFC, and therefore, no

1 C. Dondzila

2 impairment of this receivable was warranted for  
3 the RFC standalone financial statements? Is  
4 that accurate?

5 A. It is accurate.

6 Q. And the preceding paragraph contains  
7 some analysis. Is that an accurate statement  
8 of the reason that management of ResCap Funding  
9 LLC believed no impairment was warranted in  
10 March of 2012?

11 MR. LIPPS: Objection to form.

12 MR. O'NEILL: Are you talking about  
13 the entirety of the preceding part?

14 MR. PERRY: I am.

15 A. Now I've forgotten the question. I'm  
16 sorry.

17 Q. Okay. The preceding paragraph, which  
18 begins with the text "ResCap has 2.6 billion in  
19 equity," and continues on, was that -- that  
20 paragraph the basis, the analytical basis for  
21 your conclusion that no receivable was  
22 warranted?

23 MR. LIPPS: No receivable? You  
24 mean no impairment.

25 MR. PERRY: No impairment was

1 C. Dondzila

2 warranted. Thanks.

3 A. Taking as fact the 2.6 billion, yes,  
4 that would be the support for that conclusion.

5 Q. Okay. Were there any other factors,  
6 including factors that may not be expressed in  
7 this paragraph, that played into your  
8 conclusion that no impairment of the receivable  
9 was warranted?

10 A. As documented on the preceding page  
11 ending 065, under "Analysis," there are  
12 reference to other matters that would have been  
13 considered, including but not limited to the  
14 fact that the receivable was not tied to any  
15 specific collateral cash flows, etc. So yes,  
16 there were other factors that were considered.

17 Q. Okay. And those -- all of the  
18 factors that you considered are reflected in  
19 this memorandum that's before you as Dondzila  
20 Exhibit 8; correct?

21 A. To my knowledge, this would be the  
22 considerations, yes.

23 Q. Okay. There's some discussion in the  
24 last paragraph of the first page of the memo,  
25 and it reads: "Intercompany balance repayments

1 C. Dondzila

2 under the receivable are not tied directly to  
3 any specific collateral cash flows. The  
4 company does have a practice of impairing  
5 receivables in situations where repayment is  
6 tied directly to specific cash flows."

7 And then there's a reference to the  
8 PATI notes. Can you explain what this  
9 paragraph means?

10 A. PATI held notes issued by special  
11 purpose entities that were collateralized by  
12 assets that came from our international  
13 operations. And as the value of those assets  
14 were declining and/or as those assets were  
15 sold, we performed an assessment of the  
16 availability of future cash flows, and to the  
17 extent we determined that there were  
18 insufficient cash flows likely to manifest  
19 themselves, we impaired the notes that were  
20 held by PATI.

21 Q. I see. The -- who was the Deloitte &  
22 Touche auditor or auditors that you interacted  
23 with on the 2010 and 2011 Residential Funding  
24 Company LLC audit?

25 A. The partner, the signing partner for



1 C. Dondzila

2 ResCap and its subsidiaries was Tom Robinson.

3 And there were two other senior members of his

4 team. I don't recall their positions at the

5 time. Brad Stevenson and Dave -- his last name

6 is escaping me.

7 Q. Now, when you were meeting with FTI

8 in connection with their consideration of the

9 intercompany receivables, did you reference or

10 discuss with them the conclusions that you had

11 arrived at in Dondzila Exhibit -- the memo in

12 Dondzila Exhibit 8?

13 A. I don't recall having a specific

14 conversation with them about that.

15 Q. Do you know whether FTI was provided

16 with a copy of the memorandum set forth on

17 Dondzila Exhibit 8?

18 A. I don't.

19 Q. I take it you would have no reason

20 not to provide it to them if they asked.

21 Right?

22 MR. LIPPS: Objection to form, but

23 go ahead.

24 A. We provided thousands of documents

25 that were requested, so no, we wouldn't have

1 C. Dondzila

2 had any reason to withhold it.

3 Q. Do you recall them ever asking for  
4 any impairment analysis that you or your staff  
5 had done on the various intercompany  
6 receivables?

7 A. No, I don't recall that.

8 Q. Before you is Westman Deposition  
9 Exhibit 28. Do you know -- just directing your  
10 attention to the first --

11 MR. LIPPS: Did you say 28?

12 MR. PERRY: What number is it?

13 MR. LIPPS: 7 on mine.

14 MR. PERRY: Okay. Thank you.

15 Q. Before you is Westman Deposition  
16 Exhibit 7. Directing your attention to the  
17 second email in the group, you're not copied on  
18 it, my question is: Do you understand what the  
19 issue here being discussed is?

20 MR. LIPPS: This is the one from  
21 Janel Farley to Barbara Westman?

22 MR. PERRY: Yes.

23 A. I don't know exactly what the context  
24 was for the request.

25 Q. Do you have any knowledge of the

1 C. Dondzila

2 topside entry for GMACM to include RFC advances  
3 made in or around March of 2012?

4 A. In or around that time, we were  
5 working on ensuring that the separate legal  
6 entity accounting for the GSAP entity, which is  
7 GMAC Mortgage Advance Service, or Advance -- I  
8 forget the name of the entity, but it was a  
9 servicer advance facility, which is a special  
10 purpose entity but was required to be  
11 consolidated under GAAP because we had a  
12 controlling interest in the entity. And we  
13 were making some adjustments to the actual  
14 individual legal entity recordation to comply  
15 with a requirement from our parent, Ally  
16 Financial, that each entity's individual  
17 standalone financial statements were prepared  
18 appropriately.

19 Q. When you say prepared appropriately,  
20 do you mean prepared in accordance with GAAP or  
21 was there some other standard that Ally  
22 required?

23 A. The standard was that they were in  
24 the general ledger uniquely and identifiably  
25 and in accordance with GAAP.

1 C. Dondzila

2 Q. Did Ally have any -- from the  
3 purposes of -- from the perspective of Ally the  
4 lender, did they have any requirements with  
5 respect to the intercompany transactions  
6 between the ResCap entities that we have been  
7 talking about today?

8 MR. O'NEILL: Objection.

9 A. Not that I'm aware of.

10 Q. What is the reference to STM1388?

11 A. STM means significant transaction  
12 memorandum. 1388 would be the numerical  
13 reference that was assigned when that  
14 significant transaction was entered into the  
15 log, the transaction log.

16 Q. So can you describe to me what the  
17 significant transaction memorandum is?

18 MR. LIPPS: Generally what they  
19 are?

20 MR. PERRY: Yeah.

21 A. Okay. Generally, Residential Capital  
22 had a program related to change management, and  
23 the administration of that change management  
24 was through the identification of significant  
25 change matters. And those significant change

1 C. Dondzila

2 matters that were identified would be logged  
3 into the change management process and would be  
4 assigned a number and a significant transaction  
5 memorandum would be completed.

6 Based upon the significance of the  
7 matter, it could be an abbreviated form or it  
8 could be the full form, just depended on what  
9 the assessment of the amount of change and the  
10 significance of the change was.

11 That document required notification  
12 to a variety of different people, including the  
13 tax department, the financial reporting team,  
14 and had to be signed off by various people,  
15 including the business owner of the change up  
16 to and including the accounting policy  
17 representative.

18 Q. Were significant transaction  
19 memorandums prepared from time to time with  
20 respect to intercompany transactions?

21 A. It's possible.

22 Q. Do you -- there were times where  
23 significant intercompany balances were written  
24 off in 2008 and 2009. Are you aware of that  
25 fact?

1 C. Dondzila

2 A. Are you referring to debt

3 forgiveness?

4 Q. Debt forgiveness, yes.

5 A. Yes, I'm aware that debt forgiveness

6 was executed during that time period.

7 Q. Okay. Do you know whether

8 significant transaction memorandum -- memoranda

9 were prepared in connection with that debt

10 forgiveness?

11 A. I can't say for certain that it was

12 in all cases, but yes, those would be

13 transactions that would meet the threshold of

14 being included in the process.

15 Q. And do you know whether Ms. Westman

16 or you reviewed the significant transaction

17 memoranda in connection with the review of the

18 intercompany accounts that were conducted at

19 FTI's direction in early 2013?

20 A. I'm sorry, I need you to repeat the

21 question.

22 Q. Did anybody look at the significant

23 transaction memoranda in connection with the

24 intercompany review in early 2013?

25 A. I don't know that we pulled any

1 C. Dondzila

2 significant transaction memos directly in  
3 response to requests for the intercompany  
4 review.

5 Q. Okay.

6 (Dondzila Exhibit No. 9 was marked for  
7 identification.)

8 BY MR. PERRY:

9 Q. Before you, Ms. Dondzila, is Dondzila  
10 Exhibit 9. Can you take a moment to review and  
11 familiarize yourself with the document?

12 A. Okay.

13 Q. Am I correct that you wrote the text  
14 in the first page and a half of the document  
15 and then interlineated some response to  
16 Mr. Renzi's email to you that starts halfway  
17 down the second page?

18 A. Yes.

19 Q. Now, at the bottom of the second  
20 paragraph, you talk about you take a walk down  
21 Memory Lane and you note that in the beginning,  
22 ResCap takes on some debt and distributes cash  
23 down through the entity, which is then used.

24 Then you note this would have created  
25 a receivable on the books of the ResCap holding

1 C. Dondzila

2 company and a payable on the operating company  
3 books. These were likely interest-bearing  
4 agreements. Do you see that?

5 A. I do.

6 Q. What was the basis for your  
7 conclusion that these initial distributions  
8 were likely interest-bearing agreements?

9 MR. LIPPS: Objection to form. Go  
10 ahead.

11 A. The previous agreement that you had  
12 shown me.

13 Q. I see. Okay. You see the fourth  
14 paragraph down, the first sentence, "The  
15 company also uses a daily sweep process to  
16 consolidate all of its available liquidity at  
17 the parent."

18 Is that a reference to the cash sweep  
19 process that you testified about earlier?

20 A. That would be a reference to the  
21 centralized cash management, yes.

22 Q. Okay. And does this refresh your  
23 recollection that the centralized cash  
24 management sweeps were performed on a daily  
25 basis?



1 C. Dondzila

2 A. It doesn't refresh my recollection,  
3 but it's obviously a statement that I've made.

4 Q. Moving to the next paragraph on the  
5 second page, top paragraph, you write -- you're  
6 talking about debt forgiveness.

7 You write: "In most cases but not  
8 all the forgiveness has been treated as equity.  
9 In limited cases where the forgiveness occurred  
10 with respect to collateralized borrowing, it  
11 may have been treated as income expense." Do  
12 you see that?

13 A. I do.

14 Q. And the limited cases that you're  
15 referring to, is that the testimony you gave  
16 earlier, I believe, about the PATI transaction  
17 and the notes in PATI? Is that the reference  
18 here?

19 A. That is correct.

20 Q. Okay. And in those circumstances,  
21 what was the -- what was the intercompany  
22 balance that was being forgiven? What were the  
23 two entities where it was being forgiven?

24 MR. LIPPS: You're talking about  
25 the PATI?

1 C. Dondzila

2 MR. PERRY: In the PATI  
3 transaction.

4 A. The special purpose entity -- well,  
5 so the -- so I'm forgetting the name of the  
6 international entity that originally held the  
7 assets, but we would have had an entity that  
8 would have owned these international mortgage  
9 loans.

10 That entity would have sold those  
11 assets through a transferor entity that was  
12 part of our consolidated group, onto the  
13 special purpose entities Flume and Viaduct.

14 Under GAAP, we failed sale for the  
15 first sale from the originator entity to the  
16 transferor and also from the transferor to the  
17 special purpose entity. But we also were the  
18 primary beneficiary of the special purpose  
19 entity; therefore, we consolidated the Flume  
20 and Viaduct special purpose entities into our  
21 financial statements. So those, by all  
22 appearances, would look to be subsidiaries of  
23 Residential Funding Corporation.

24 And so at a consolidated level, it  
25 would have appeared to be between Residential

1 C. Dondzila

2 Funding Company and GMAC Mortgage. In fact, it  
3 was going to be between PATI, Passive Asset  
4 Trust, and the Flume and Viaduct special  
5 purpose entities that were over in the RFC  
6 consolidated group.

7 Q. And so when you're assembling  
8 intercompany balances, the top, you know, seven  
9 or nine or 15, whatever the number is for FTI,  
10 does it include any of the PATI-related  
11 balances that you were just talking about?

12 A. I believe the PATI -- the notes  
13 related to Flume and Viaduct that PATI held  
14 were extinguished by that time.

15 Q. Okay.

16 A. Or were so immaterial that they did  
17 not meet the threshold for the -- the dollar  
18 threshold for the top intercompanies.

19 Q. Now, with respect to the top  
20 intercompanies that were the focus of your  
21 analysis in 2013, in circumstances where there  
22 was forgiveness of debt, was it always for  
23 purposes of those intercompanies treated as  
24 equity?

25 A. There may have been some other

1 C. Dondzila

2 situations in regards to legal entity  
3 minimization where we might have had smaller  
4 situations of forgiveness between siblings as  
5 opposed to parents and child, that would have  
6 been accounted for similar to how PATI was  
7 held.

8 So I can't say with certainty that  
9 all of them were, but that was more -- the  
10 equity was the more likely form of debt  
11 forgiveness than the income statement  
12 treatment.

13 Q. Just so I've got it right, was there  
14 any accounting policy that required you to  
15 treat the debt forgiveness as equity?

16 A. I can't quote chapter and verse of  
17 the actual standards, but as I recall, the GAAP  
18 requirements would presume that debt  
19 forgiveness between a parent and a child, or a  
20 child and a parent, would be in the form of  
21 equity, as opposed to debt forgiveness between  
22 two sibling entities would be treated through  
23 the income statement.

24 Q. So if for whatever -- well, let me  
25 ask you this: Was debt forgiveness done as

1 C. Dondzila

2 equity because that was the way the accounting  
3 rules required you to execute the debt  
4 forgiveness?

5 A. Any debt forgiveness would have been  
6 recorded in the financial statements in  
7 accordance with GAAP. That might not be the  
8 reason why we did the debt forgiveness, but we  
9 would record any debt forgiveness in accordance  
10 with GAAP.

11 Q. That's my question. In other words,  
12 there was no effort to treat it as equity  
13 rather than debt, for example, to avoid  
14 cancellation of indebtedness income being  
15 attributed to one of the entities; right?

16 MR. LIPPS: Objection to form.

17 A. I'm not aware of any preference or  
18 attempt to structure anything for that purpose.

19 Q. Okay. So from your perspective, it  
20 was purely the fact that GAAP required the  
21 forgiveness of indebtedness to be structured as  
22 an equity transaction when you were talking  
23 about forgiveness between a parent and  
24 subsidiary relationship; correct?

25 MR. LIPPS: Objection. Objection

1 C. Dondzila

2 to form.

3 A. We would have reviewed every

4 transaction against the standards under GAAP,

5 and so we would have followed whatever the

6 final conclusion suggested.

7 Q. Okay. Do you know whether the  
8 standard in question is paragraph 27 to 28 of  
9 the AICPA Practice Alert? Is that something  
10 that sounds familiar?

11 A. I don't recall.

12 MR. O'NEILL: Object to form.

13 THE WITNESS: Sorry.

14 MR. O'NEILL: Go ahead.

15 A. I don't recall the exact standard  
16 references.

17 Q. I'll try to dig something out at  
18 lunch and maybe we can walk through it. Okay.  
19 Go to -- now focusing on Mr. Renzi's email, I'm  
20 looking at 1A. And am I correct that Mr. Renzi  
21 asks the question: "Explain intent for each  
22 balance, loan, or equity." And you  
23 interlineate the response -- and the second  
24 question: "Was there an expectation of  
25 repayment?" And you interlineate the response,

1 C. Dondzila

2 "This is not a question accounting can answer.

3 To the extent we have deemed a collateralized

4 affiliate balance impaired, we've impaired it

5 through earnings. Otherwise, we have concluded

6 for GAAP financial statement purposes that the

7 balances were expected to be repaid."

8 MR. LIPPS: You want to know if

9 that portion that you just read,

10 beginning with "This is not a question,"

11 if that's her interlineation?

12 MR. PERRY: Yes.

13 Q. If that's your text.

14 A. It's not clear, but it seems like a

15 reasonable conclusion, yes.

16 Q. Looking at 1C, there's a series of

17 questions, and then my question is, does it

18 appear that you provide the textual response,

19 "Yes, the company expects to continue to follow

20 its cash management practices post-petition"?

21 A. Yes, that's reasonable.

22 Q. Okay. And to your knowledge, did

23 ResCap's cash management practices change in

24 any respect post-petition?

25 A. No, I believe under the -- whatever

1 C. Dondzila

2 those motion things -- first day motions are  
3 called, or whenever they filed it, I believe it  
4 continued the practice, the same practices.

5 Q. Okay. So there never -- at least in  
6 your -- by your recollection, there never came  
7 a time where anybody said to you, you know, we  
8 have been doing things incorrectly  
9 pre-petition, we've got to change how we do it  
10 post-petition? That never happened; right?

11 MR. LIPPS: Objection to form. But  
12 go ahead.

13 A. I don't recall that ever coming up.

14 Q. Anybody ever from FTI criticize the  
15 way you had done things pre-petition in terms  
16 of cash management practices?

17 A. I don't recall them talking to me  
18 about that.

19 Q. Okay. The next question is, "Were  
20 the funds used for capital improvements or  
21 operating expenses?" Is that your text where  
22 you say, "Yes, among other things, including  
23 running its servicing business activities and  
24 funding the purchase of new assets"?

25 A. That's a reasonable assumption, yes.



1 C. Dondzila

2 Q. Okay. And do you consider running  
3 the servicing activities and funding the  
4 purchase of new assets to be capital  
5 improvements or operating expenses?

6 A. I believe them to be neither.

7 Q. How would you characterize running  
8 servicing business activities and funding the  
9 purchase of new assets?

10 A. It's core business activities.

11 Q. Core business? Okay.

12 And so it's fair to say that the  
13 intercompany transfers were used to fund core  
14 business activities; correct?

15 MR. LIPPS: Objection to form.

16 MR. O'NEILL: Object.

17 A. It is fair to say that, among other  
18 things, cash that was required by the operating  
19 companies was used for its core business  
20 activities, yes.

21 Q. Are you aware of the operating  
22 companies using cash for capital improvements  
23 at any point in time while you were controller?

24 A. As the owner of two physical real  
25 properties, meaning ResCap, I would expect that

1 C. Dondzila

2 there would have been capital improvements,  
3 yes, that were done during the period that I  
4 was there.

5 Q. Okay. And what were the physical  
6 real properties?

7 A. There's the data center in Eden  
8 Prairie, Minnesota, and the call center,  
9 servicing center in Waterloo, Iowa.

10 Q. And other than fixing up the data  
11 center and the call center, are there any other  
12 capital improvement funds -- are there any  
13 other funds that you can think of that would  
14 have been used for capital improvements during  
15 the time that you were the controller?

16 A. I'm sure there were.

17 Q. And would those capital improvements  
18 be reflected as such in the financial  
19 statements of the varying operating companies?

20 A. We did maintain a fixed asset  
21 register that was specific to the entities that  
22 had possession of those fixed assets, and it  
23 would have included leasehold improvements,  
24 real property, other improvements to real  
25 property, etc. Would have included the

1 C. Dondzila

2 acquisition of other ancillary fixed assets,  
3 desks, desktops, all hard assets would have  
4 been included on that register.

5 Q. And do you have any sense of the size  
6 of the capital improvements that would have  
7 been undertaken during your time as controller?

8 A. I would characterize it as not  
9 material.

10 Q. Okay. If you go down to F, it says,  
11 "Have principal payments been made? If so,  
12 when, how, how often, and how much?"

13 And my first question is, do you  
14 believe your response starts with the text "My  
15 guess is that certain of these balances," and  
16 goes on? Do you believe that to be your  
17 response to Mr. Renzi's questions?

18 A. Yes.

19 Q. Okay. And you phrase it here as a  
20 guess and you ask -- at least you state, you'll  
21 see if Barb can have someone evaluate. Do you  
22 know whether anybody ever did the evaluation of  
23 whether there were regular principal repayments  
24 and draws?

25 A. I don't recall.

1 C. Dondzila

2 Q. And by principal repayments and  
3 draws, what you mean is essentially accessing  
4 and distributing up on the line of credit that  
5 we talked about earlier in your testimony? Is  
6 that what you're referring to here?

7 MR. LIPPS: Objection to form.

8 MR. O'NEILL: Objection.

9 A. Yes, that would be a reasonable  
10 reference, yes.

11 Q. Okay. Go to number 4. I'm  
12 interested in the text that says, "On a monthly  
13 basis, the outstanding balances on the  
14 revolving and LOC are recorded to the operating  
15 companies in proportion to their pledged  
16 collateral. As such, each month there will be  
17 changes in the balance of the interchange  
18 generated." Do you see that text?

19 A. I do.

20 Q. Can you explain what you mean there?

21 A. The revolver and a line of credit are  
22 liquidity facilities that were outstanding  
23 between Ally Financial and Residential Capital  
24 and named borrowers.

25 The outstanding balance -- both --

1 C. Dondzila

2 there are a variety of different -- and there  
3 are named borrowers, specifically named  
4 borrowers, of which two are Residential Funding  
5 Company and GMAC Mortgage. There are others, I  
6 believe. And each of those entities have  
7 assets that are pledged as collateral to one or  
8 both of those agreements. That collateral sits  
9 within those individual borrower entities.

10 We concluded that the line of credit  
11 and the revolver should both be represented on  
12 the financial statements of each of the  
13 borrower -- actual borrower entities as opposed  
14 to having the revolver and line of credit at  
15 the Residential Capital holding company level.  
16 And as such, because the documents, the  
17 governing documents were not specific about how  
18 those borrowings were split between the  
19 borrower entities, they were only specific in  
20 terms of the collateral that was pledged by  
21 each of those entities, we used our judgment.  
22 And our judgment was such that we on a monthly  
23 basis would evaluate the collateral value that  
24 was pledged to both of those by each of the  
25 borrower entities, and would allocate the

1 C. Dondzila

2 outstanding borrowings to each based on the  
3 proportion of collateral that they had pledged.

4 Q. Okay. So let me just make sure I  
5 understand that. I'm going to try and work  
6 with a hypothetical just to use easy numbers,  
7 and you tell me if it's confusing or I get it  
8 wrong.

9 Assume there was a \$2 million  
10 facility, the Ally facility was \$2 million, and  
11 in month one, ResCap Funding Company LLC had  
12 pledged half the collateral and GMAC Mortgage  
13 LLC had pledged half the collateral. Is it the  
14 case that --

15 MR. LIPPS: Talking about the  
16 collateral value pledged?

17 MR. PERRY: The collateral value  
18 pledged.

19 Q. Is it the case that each of those  
20 entities would then have a million dollar loan  
21 on its books from Ally? Is that how it would  
22 be accounted for?

23 A. We would have recorded a payable,  
24 yes, on the books of each of the respective  
25 entities for a million dollars in that example.

1 C. Dondzila

2 Q. Okay. And then in month two, the  
3 collateral value changed such that Residential  
4 Funding Company LLC had all of the collateral  
5 and GMAC Mortgage LLC had none of the  
6 collateral.

7 MR. LIPPS: Talking about  
8 collateral value?

9 MR. PERRY: Collateral value.

10 Q. So disappears on the GMAC side and  
11 increases by a million dollars on the  
12 Residential Funding side. How would that  
13 change on a month-to-month basis be recorded on  
14 the books of the company?

15 A. We would have increased the payable  
16 or the liability to Ally on the books of  
17 Residential Funding Company from 1 million to  
18 2 million, so the outstanding liability at that  
19 point in time would be 2 million. And the GMAC  
20 Mortgage financial statements would have shown  
21 a reduction of their payable such that their  
22 outstanding balance was zero.

23 In order for those entries to  
24 balance, because we have to make entries  
25 balance, there would have been an offset

1 C. Dondzila

2 through intercompany accounts which I  
3 suspect -- I cannot confirm, but I suspect  
4 would have been not with each other but  
5 actually up through ResCap and back down  
6 through ResCap --

7 Q. Okay.

8 A. -- as if -- as if the money from Ally  
9 Financial had actually sort of moved its way  
10 through the food chain, if you will.

11 Q. Right. And by the food chain, if  
12 we're talking about GMAC Mortgage, it would go  
13 up to GMAC Residential Holding Company, up to  
14 Residential Capital LLC and then down to  
15 Residential Funding Company LLC?

16 A. No, it actually would have gone the  
17 other way. So by increasing the liability on  
18 the books of Residential Funding Company, there  
19 could have been a de facto sort of assumption  
20 that cash would have been raised by them, and  
21 so the cash would have -- it wasn't truly cash,  
22 but it would have said that then \$1 million in  
23 your example, an additional \$1 million would  
24 have moved from Residential Funding Company up  
25 to ResCap, and then ResCap would have moved it



1 C. Dondzila

2 down into GMAC Mortgage so that GMAC Mortgage  
3 could actually repay in a virtual sense its  
4 liability that had been on its books.

5 Q. Okay. I understand that.

6 And was this calculation done on a  
7 monthly basis?

8 A. It was.

9 Q. And was there a schedule that was  
10 prepared that reflected the changes in  
11 collateral valuation for this particular  
12 purpose?

13 A. I don't have direct knowledge of it  
14 but I would expect that there would be a  
15 schedule that would support the journal entry  
16 that would be posted to the financial  
17 statements.

18 Q. And do you know whether that was a  
19 standalone journal entry or done as a part of a  
20 group of intercompany journal entries?

21 A. I don't know.

22 Q. If you go to 7, there's a question,  
23 "Was the ResCap restated loan agreement dated  
24 as of January 1, 2006 amended or extended  
25 beyond its termination date"?

1 C. Dondzila

2 Do you recall ever learning the  
3 answer to that question?

4 A. I don't recall.

5 Q. Okay. But at least from your  
6 perspective, by 2011, beginning of 2012, the  
7 ResCap restated loan agreement was in effect  
8 insofar as at least interest was being charged  
9 on that agreement?

10 MR. LIPPS: Well, objection to  
11 form. And I know you're not asking her  
12 for a legal conclusion.

13 MR. PERRY: Yeah, not --

14 Q. From your perspective as the  
15 controller of the company.

16 A. So assuming that the ResCap restated  
17 loan agreement is the form of the agreement  
18 that governed the relationship between GMAC  
19 Mortgage and Resi Holdings and Resi Holdings  
20 and ResCap, I think I've stated that, yes, I  
21 believe that that was still in existence and  
22 that interest was being charged. I do not know  
23 if correspondingly interest was being charged  
24 on the piece that was between Residential  
25 Capital and Residential Funding Company.

1 C. Dondzila

2 Q. Okay. Go to the next page, the text  
3 under A. Does this -- does your response to  
4 Mr. Renzi's question begin with the text "This  
5 results from the cash management activities,"  
6 and goes on?

7 A. I believe so, yes.

8 Q. There's a reference to Project Rodeo  
9 in Mr. Renzi's email. Do you have an  
10 understanding of what that is?

11 A. I believe Project Rodeo is what Ally  
12 Financial called their view of the ResCap  
13 bankruptcy.

14 Q. So Ally had named the ResCap  
15 bankruptcy Project Rodeo?

16 A. That's what I believe.

17 Q. And at least as it relates to the  
18 ETS, intercompany balance between ETS and GMAC,  
19 there was actual cash that was being generated  
20 by ETS's business?

21 MR. LIPPS: Objection, asked and  
22 answered. Go ahead.

23 A. Yes, that's correct.

24 Q. And that the cash was swept up as  
25 part of the cash management process; right?

1 C. Dondzila

2 MR. LIPPS: Objection, asked and  
3 answered. Go ahead.

4 A. Yes, that's my understanding.

5 Q. And you make a note here that the  
6 intercompany is awfully close to the retained  
7 earnings. Why is that significant to you?

8 A. That was more to provide some context  
9 around the linkage between the cash management,  
10 which would have been revenues received less  
11 operating expenses paid, and that is a  
12 reasonable proxy for retained earnings.

13 Q. Okay. And I take it if the -- well,  
14 strike that. The retained earnings of which  
15 entity?

16 A. I'm sorry, ETS.

17 Q. Okay. And if at some point in time  
18 ETS determined that the intercompany receivable  
19 from GMACM was impaired or GMACM was not  
20 capable of paying it, would it have to adjust  
21 the retained earnings figure?

22 MR. LIPPS: Well, objection. I'm  
23 not sure that's what -- proper  
24 foundation, but go ahead.

25 A. Not seeing the form of whatever

1 C. Dondzila

2 transaction that might be, if it was impaired,  
3 it would in all likelihood under GAAP be deemed  
4 to be an equity -- it would have been deemed to  
5 be a component of equity, which would have been  
6 recorded as a dividend, so it would have been  
7 recorded as a dividend from ETS to its parents,  
8 GMAC Mortgage.

9 Q. After the -- giving effect of the  
10 dividend, would the retained earnings figure  
11 need to change?

12 A. No, retained earnings would stay the  
13 same but equity would decline.

14 Q. I see. Okay. And do you know, was  
15 there ever any -- was there ever any  
16 forgiveness of debt between GMACM and ETS?

17 A. Not that I recall.

18 MR. PERRY: Now is a good stopping  
19 point.

20 MR. LIPPS: All right.

21 THE VIDEOGRAPHER: The time is  
22 12:51. We're off the record.

23 (A luncheon recess was taken from  
24 12:51 p.m. through 1:32 p.m.)

25 BY MR. PERRY:

1 C. Dondzila

2 Q. Before you, Ms. Dondzila, is Westman  
3 Deposition Exhibit 28. Can you identify the  
4 document?

5 A. These are the audited consolidated  
6 financial statements for GMAC Mortgage LLC for  
7 the periods December 31, 2011 and 2010.

8 Q. Do these appear to be the financial  
9 audited financial statements?

10 A. They do by the appearance of the  
11 independent auditor's report.

12 Q. If you could go to page 36 in the  
13 document, ends with 4316 if you are looking at  
14 the Bates stamps. We had earlier in your  
15 testimony been focused on the other liabilities  
16 table, and particularly the payable to RFC. Do  
17 you see the payable to RFC reflected in the  
18 other liabilities table contained on Westman  
19 Deposition Exhibit 28?

20 A. I do in footnote 9, yes.

21 Q. And am I correct that it reflects a  
22 payable to RFC of 69,785,000 at the end of  
23 2011?

24 A. That is correct.

25 Q. And there was no similar payable at

1 C. Dondzila

2 the end of 2010; correct?

3 A. That is correct.

4 Q. Does that suggest to you that the --  
5 any payable was cash-settled at the end of  
6 2010?

7 MR. LIPPS: Do you mean the absence  
8 of the entry?

9 MR. PERRY: The absence of an  
10 entry.

11 A. Can you repeat the question?

12 Q. Does the absence of an entry under  
13 the line item "payable to RFC" on the table  
14 under 2010 suggest to you a cash settlement of  
15 an intercompany balance between those two  
16 entities at the end of 2010?

17 A. No, it doesn't suggest that to me.

18 Q. What are the possible reasons for the  
19 absence of an entry under the "payable to RFC"  
20 column in 2010?

21 A. It could have been a receivable to  
22 RFC at the end of 2010; or there could have  
23 been no relationship that would have driven a  
24 balance at the end of 2010; and/or it could be  
25 that there was a relationship and there was a

1 C. Dondzila

2 settlement of some sort, or a continuing  
3 recordation of activity such that that -- what  
4 was previously a payable flipped to a  
5 receivable.

6 Q. Do you know whether the practice of  
7 allocating corporate expense in the first  
8 instance to RFC and then having RFC charge GMAC  
9 Mortgage was in place in 2010?

10 A. I don't recall.

11 Q. Do you recall the practice of  
12 allocation of corporate expense changing at any  
13 point in time while you were controller?

14 A. I don't have a recollection of it,  
15 no.

16 Q. And if I wanted to figure out whether  
17 there was a receivable from RFC at the end of  
18 2010, is there some place in this document that  
19 I could discern that information?

20 A. Absent being shown on the face of the  
21 balance sheet uniquely, to the extent it was  
22 material, we would have included a footnote for  
23 other assets or other accounts receivable, here  
24 presented in footnote 6 on page 31, Bates  
25 number ending 311, or footnote 7, other assets,



1 C. Dondzila

2 same page.

3 Q. And looking at footnotes 6 and 7, do  
4 you see any receivable -- well, would a  
5 receivable -- would a receivable from RFC be  
6 listed under the "Receivables from affiliates"  
7 line item in the other assets table, note 7?

8 A. It's possible, yes. I can't say with  
9 certainty, but it's possible, yes.

10 (Dondzila Exhibit No. 10 was marked for  
11 identification.)

12 BY MR. PERRY:

13 Q. Before you is Dondzila Deposition  
14 Exhibit 10. Can you identify the document?

15 A. Yes. This is the audit -- the annual  
16 financial statements, consolidated financial  
17 statements of Residential Funding Company LLC  
18 for the years ending December 31, 2011 and  
19 2010.

20 Q. Does this appear to be the final  
21 consolidated financial statements?

22 A. It does, by inclusion of the  
23 independent auditor's report.

24 Q. What's the principal place of  
25 business of Residential Funding Company LLC?

1 C. Dondzila

2 MR. LIPPS: Did you ask her where  
3 it is?

4 MR. PERRY: Yeah, where.

5 A. I believe that its corporate address  
6 was in Bloomington, Minnesota.

7 Q. Go to the statement of income. You  
8 had testified earlier, I believe, that you were  
9 not certain whether interest was charged on the  
10 receivable that Residential Funding Company LLC  
11 held from its parent, Residential Capital LLC,  
12 and you had directed me to the income  
13 statement. My question is, reviewing the  
14 income statement, are you able to deduce  
15 whether interest was in fact charged on the  
16 balance, the intercompany balance between  
17 Residential Capital LLC and Residential Funding  
18 Company LLC, at least during these periods?

19 MR. LIPPS: Objection to  
20 characterization of prior testimony.  
21 But go ahead and answer the question if  
22 you can.

23 A. From the face of the income  
24 statement, no, you cannot discern that.

25 Q. Are you able to discern that based on

1 C. Dondzila

2 your review of any other portion of the  
3 document?

4 A. I would direct you in all cases to  
5 the related party transaction footnote, in this  
6 case starting on page 60, Bates number ending  
7 298, and continuing on Bates number 299, page  
8 61. And in regards to material related party  
9 balances, both income statement, balance sheet  
10 and statement of changes in equity, we would  
11 have disclosed again material amounts that  
12 existed as of the dates of the financial  
13 statements.

14 And I do not see in any case under  
15 the statement of income any reference to  
16 interest income with Residential Capital.

17 Q. There is a reference to interest  
18 expense with affiliates. Do you see that?

19 A. I do.

20 Q. Do you know what that refers to?

21 A. I do not.

22 Q. There's also a reference to  
23 discontinued operations interest expense,  
24 parent and affiliates. Do you know what that  
25 refers to?

1 C. Dondzila

2 A. Discontinued operations in the  
3 context of generally accepted accounting  
4 principles are business operations that meet --  
5 the elimination or discontinuation of certain  
6 business operations that meet certain standards  
7 can be classified as discontinued operations.

8 What that, generally speaking, means  
9 is that there's a reclassification of amounts  
10 in the income statement that would have  
11 otherwise been in other parts of the income  
12 statement line items of revenue and other  
13 revenue. It removes current and prior period  
14 amounts and moves them down to a single line  
15 called gain or loss from discontinued  
16 operations.

17 In this case, if you look at footnote  
18 2 on page 19, Bates last three 257, you can see  
19 here that in October of 2010, we completed the  
20 sale of certain of our international  
21 operations, principally the United Kingdom and  
22 continental Europe. Those platforms in fact  
23 met the requirements for classification as  
24 discontinued operations. As such, we made  
25 reclassifications of prior period amounts.

1 C. Dondzila

2 Correspondingly, the reference in the  
3 related party transaction footnote 19, again on  
4 page 61, taking you back there, would purport  
5 to represent the interest expense that those  
6 operations would have incurred and -- or would  
7 have recognized.

8 And I'll take you back. This may be  
9 in part but not wholly -- this is likely  
10 interest expense that RFC and the entities  
11 would have recognized on those PATI notes and  
12 other notes of that nature. That is, interest  
13 expense that would have been recorded in all  
14 likelihood in Viaduct and Flume, but in a more  
15 complicated way that's not necessarily helpful,  
16 would have been recorded previously in the  
17 financial statements of RFC.

18 Q. I see.

19 A. But that would show as interest  
20 expense that was paid to parent and affiliates.

21 (Dondzila Exhibit No. 11 was marked for  
22 identification.)

23 BY MR. PERRY:

24 Q. Before you is Dondzila Deposition  
25 Exhibit 11. It's an email and a series of

1 C. Dondzila

2 attachments. If you could take a moment and  
3 review Ms. Westman's email to Mr. Stern and  
4 Mr. Renzi. You're copied on it at the top of  
5 the first page.

6 A. Got it.

7 Q. You give some description of  
8 intercompany agreements that existed at least  
9 in 2012. Do you see that?

10 MR. LIPPS: Where are you  
11 referencing?

12 MR. PERRY: She says: "Note, in  
13 many cases we have agreements that  
14 support ResCap lending money to the  
15 subsidiaries; however, some of these  
16 balances have flipped and the subs are  
17 now lending money instead. The  
18 agreements are sometimes with ResCap,  
19 but the intercompany balances are with  
20 the direct parent, not with ResCap  
21 itself."

22 Q. Do you see that text?

23 A. I do.

24 Q. And Ms. Westman writes,  
25 "Unfortunately, this is a little rough, but the

1 C. Dondzila

2 best we have."

3 Do you have any understanding of how  
4 it came to be that, for example, there were  
5 intercompany balances with the direct parents,  
6 not with ResCap itself, but intercompany  
7 agreements between ResCap and the subsidiary in  
8 question?

9 A. Can you repeat the question, please?

10 Q. Well, it's a bad question so let's  
11 just go to one of the agreements. It ends with  
12 the Bates label 30819.

13 A. I have it.

14 Q. This is an agreement between  
15 Residential Capital LLC and PATI; correct?

16 A. That is correct.

17 Q. And Residential Capital LLC is the  
18 ultimate parent; correct?

19 A. Yes.

20 Q. And the intercompany balances, at  
21 least as they respected PATI, were between PATI  
22 and GMAC Mortgage LLC; correct?

23 A. The balances that we've covered  
24 previously were between, yes, PATI and GMAC  
25 Mortgage.

1 C. Dondzila

2 Q. Are you aware of any direct balances

3 between PATI and Residential Capital LLC?

4 A. I'm not, no.

5 Q. Do you know whether -- first of all,

6 did you participate in the drafting of this

7 intercompany advance agreement?

8 A. I did not.

9 Q. Do you know how it came to be that

10 the advance agreement was put in place in June

11 of 2009?

12 A. I would expect this to have been

13 executed in or about the time of the ResCap

14 debt restructuring.

15 Q. Okay.

16 A. Or was that 2008? Was that 2008? So

17 no, I don't know. I don't know why this would

18 have been done in June of 2009.

19 Q. Do you see there's a block on the top

20 right-hand corner that says T930? What does

21 that mean?

22 A. I don't know.

23 Q. Is there some centralized system at

24 ResCap where contracts for each of the relevant

25 legal entities was kept?



1 C. Dondzila

2 A. Not that I'm aware.

3 Q. Was there any general policy about  
4 when an intercompany relationship needed to be  
5 memorialized with a contract or an advance  
6 agreement or something like that, versus just  
7 simply having an intercompany relationship  
8 recorded on the books and records of the  
9 company?

10 A. Not that I was aware.

11 Q. And if you go to the signature page,  
12 the signature by John Peterson, do you know who  
13 Mr. Peterson is?

14 A. He was serving within -- I knew him  
15 to be serving within the treasury department.  
16 It clearly indicates here that his title at  
17 that point was assistant treasurer.

18 Q. I take it Mr. Peterson didn't report  
19 to you. Right?

20 A. He did not.

21 Q. Who did he report to?

22 A. I believe he reported to the chief  
23 financial officer, Jim Young, at the time.

24 Q. If you look at Exhibit A to the  
25 intercompany agreement, there's a promissory

1 C. Dondzila

2 note. Did your department keep promissory  
3 notes reflecting the intercompany relationships  
4 anywhere within the department?

5 A. Not that I'm aware.

6 Q. Is this type of agreement something  
7 that would have been maintained by treasury?

8 A. Yes.

9 Q. And do you know what attempts were  
10 made -- strike that.

11 Was there an attempt in 2012 to try  
12 and identify all of the intercompany  
13 agreements, at least as they respected the  
14 intercompany obligations?

15 A. In 2012, we undertook to analyze our  
16 intercompany balances and relationships for  
17 compliance with the newly issued Ally Financial  
18 policy, but I'm not aware of any other reason  
19 why we would have undertaken in 2012 any other  
20 comprehensive review of our intercompany  
21 relationships.

22 Q. I guess the reason I'm asking is  
23 Ms. Westman appears to be transmitting a series  
24 of agreements to folks from FTI.

25 MR. LIPPS: So what's the question?

1 C. Dondzila

2 Q. I'm wondering if you're aware of FTI  
3 making a request for intercompany policies or  
4 agreements of Ms. Westman.

5 A. So my mistake. Clearly, we were  
6 headed toward filing for bankruptcy, or -- no,  
7 actually -- yeah, we filed in 2012 for  
8 bankruptcy, so this would have been in  
9 anticipation of the bankruptcy.

10 Q. So just to orient you, I think you  
11 filed in May of --

12 A. Correct.

13 Q. -- 2012.

14 A. That is correct.

15 Q. Do you know of any effort to search  
16 the treasury department for potentially  
17 applicable agreements between these -- the  
18 legal entities with -- under Residential  
19 Capital LLC?

20 A. You'd have to ask Barb. Barb was  
21 primarily the one that was searching those out,  
22 Barb Westman.

23 Q. And if I want to talk to somebody  
24 from treasury about how records were -- records  
25 and contracts and agreements were kept in the

1 C. Dondzila

2 ordinary course in that department, who would  
3 be the person best to speak with?

4 A. Well, certainly for the period -- for  
5 some part of the period, it would be John  
6 Peterson. After he left, I believe Joe --  
7 there's a gentleman, Joe Ruhlin, who also  
8 served in a capacity within the treasury  
9 department. I think there was someone that  
10 served in a treasury capacity in between those  
11 two, but I don't recall his name.

12 Q. By the time you left in 2013, or at  
13 the time you left in 2013, who were the folks  
14 in charge of the treasury department?

15 A. Joe Ruhlin.

16 Q. I don't want you to speculate, but if  
17 you go back to the PATI intercompany agreement  
18 that we were looking at, remember I asked you  
19 about the box in the upper right-hand corner?

20 A. Uh-huh.

21 Q. And it said T930. Does the use of  
22 the letter T -- well, are you able to identify  
23 this as some filing system or marking system  
24 that the treasury department used for their  
25 contracts?

1 C. Dondzila

2 MR. LIPPS: Objection, asked and  
3 answered already. But go ahead.

4 A. I don't know if that corresponded to  
5 a filing system that they used.

6 Q. Okay. Were there entities within the  
7 ResCap system that could not perform debt  
8 forgiveness without approval from a federal  
9 agency?

10 MR. LIPPS: Just note my objection  
11 to the extent you're asking her for some  
12 legal conclusion on that. But go ahead  
13 if you know.

14 A. I'm not aware that any of the  
15 entities within the ResCap family -- I guess  
16 I'll take that back. It's possible that in the  
17 international entities, although I don't have  
18 direct knowledge of it, it's possible that in  
19 the international space that there could have  
20 been restrictions on debt forgiveness in  
21 connection with some regulatory guidance or  
22 other. But domestically, I'm not aware of  
23 anything that would have required approval by a  
24 federal agency.

Plaintiff's  
Objection  
117:25-118:18  
Objection to  
form; vague  
and  
ambiguous

25 Q. Was there ever an effort in 2012 to

1 C. Dondzila

2 track the intercompany, the largest  
3 intercompany balances on a year-by-year basis  
4 and track how they moved?

5 MR. LIPPS: Objection to form. I'm  
6 not sure I know what you're asking. But  
7 go ahead.

8 A. In connection with satisfying data  
9 requests from parties with interests in the  
10 bankruptcy, we did go back and, to the best of  
11 our abilities, pull year-end intercompany  
12 balances for certain relationships based on  
13 those requests.

14 Q. And do you have any understanding of  
15 why parties were seeking that information?

16 A. I wasn't interested in why they were  
17 seeking that information. I was just providing  
18 what they asked us for.

19 Q. Anybody ever tell you why they were  
20 interested in that particular information?

21 A. Not directly.

22 Q. What about indirectly?

23 A. I could infer that it was in relation  
24 to the question of whether it was debt or  
25 equity.

1 C. Dondzila

2 Q. And on the question of whether it was  
3 debt or equity, is that an issue that you ever  
4 arrived at any conclusion about?

5 MR. LIPPS: Objection. I think  
6 you've already asked that and she's  
7 already answered it, but go ahead.

8 A. The answer's no.

9 Q. Were you ever asked to provide a  
10 conclusion about that --

11 A. I was not.

12 MR. LIPPS: Note my objection. I  
13 think that was asked and answered too.

14 Q. Did there come a point in time when  
15 AlixPartners began analyzing the intercompany  
16 balances?

17 A. And who did AlixPartners represent?

18 Q. The unsecured creditors. Creditors  
19 committee. Do you know?

20 A. There were a lot of people who were  
21 asking us for things. The name is familiar. I  
22 don't --

23 Q. Who other than FTI did you -- did you  
24 have any meetings with professionals other than  
25 FTI about the intercompany balances?

1 C. Dondzila

2 MR. LIPPS: I don't want you to  
3 talk about any meetings you may have had  
4 with lawyers.

5 A. Yes, FTI would facilitate phone calls  
6 where we would participate to be available to  
7 answer questions in regard to documentation  
8 that we had provided in response to some  
9 inquiry they'd made.

10 Q. Okay. And do you have any particular  
11 recollection of the names of the firms that you  
12 met with during one or all of the phone calls?

13 A. No. I don't have any particular  
14 recollection.

15 Q. Did you -- your counsel objected  
16 earlier. Without going into -- I don't want  
17 any detail, but just yes or no. Did you meet  
18 with lawyers about the intercompany balances in  
19 the beginning of 2012?

20 MR. LIPPS: I think that that  
21 question assumes some specific  
22 communications which would intrude on  
23 the privilege.

24 MR. PERRY: I think the question --  
25 I tried to frame the question generally



1 C. Dondzila

2 enough --

3 MR. LIPPS: Yeah, but you got the  
4 subject matter. You're asking her  
5 particular meetings that she had on a  
6 particular subject, and I think that  
7 invades the privilege.

8 MR. PERRY: Right. But you would  
9 put a subject matter, broadly, as  
10 broadly as I expressed it, on a  
11 privilege log. So I don't think that  
12 level of question with that level of  
13 specificity invades the privilege.

14 MR. LIPPS: I'll let her answer it  
15 yes or no as long as you agree that  
16 that's not going to be argued that  
17 that's some waiver of the privilege.

18 MR. PERRY: So stipulated.

19 THE WITNESS: The question again,  
20 please?

21 MR. LIPPS: Did you ever meet with  
22 lawyers.

23 Q. Did you meet with lawyers about the  
24 question of -- about the issue of the  
25 intercompanies?

1 C. Dondzila

2 A. Yes.

3 Q. Did you meet with lawyers from the  
4 Kramer Levin firm about the issue of the  
5 intercompanies?

6 MR. O'NEILL: The beginning of 2012  
7 still?

8 MR. PERRY: Or the beginning of  
9 2013.

10 Q. At any point in time, let me put it  
11 that way.

12 A. I don't recall if it was with  
13 representatives of Kramer Levin, no.

14 Q. What did you do to prepare for your  
15 deposition here?

16 MR. LIPPS: I don't want you to  
17 talk about any specific conversations  
18 that you had, but you can certainly  
19 identify what you did.

20 A. We met first to acclimate me to what  
21 the process is, given that I've never been --

22 Q. Don't go into detail.

23 MR. LIPPS: Don't go into detail.  
24 Just you had a meeting.

25 A. Yes, we had a meeting. We had a

1 C. Dondzila

2 meeting. Thank you. We had a meeting.

3 Q. Who were the lawyers present at your  
4 meeting?

5 A. Mr. Lipps to my left, to my far left;  
6 Alex Barrage across the table and to my left.  
7 And I'm forgetting the other Alex from  
8 Morrison & Foerster who is not here today.

9 Q. And roughly how long did you prepare  
10 for?

11 A. Our meeting lasted a little bit over  
12 probably three and a half hours.

13 Q. Just one meeting?

14 A. Just one.

15 (Dondzila Exhibit No. 12 was marked for  
16 identification.)

17 BY MR. PERRY:

18 Q. Directing your attention to  
19 Mr. McDonald's email to Ms. Westman at the  
20 bottom of the second page, you're copied on it.  
21 Mr. McDonald writes to Ms. Westman, "I think to  
22 the extent that any of these are 'off the  
23 shelf' and easily answered, we should provide  
24 these answers." Do you see that?

25 A. I do.

1 C. Dondzila

2 Q. Do you -- were there requests for  
3 information provided by third-party advisors  
4 that you were ultimately not able to satisfy in  
5 connection with your review of the intercompany  
6 loans?

7 A. I'm sure that there were requests we  
8 did not satisfy to the extent that the  
9 requester would have liked us to respond. But  
10 we did respond to every request, to my  
11 knowledge, to the best of our abilities.

12 Q. And so you never ignored a request  
13 because it was too difficult to respond to or  
14 because the answers weren't off the shelf and  
15 easy; right?

16 MR. LIPPS: Objection to form,  
17 characterization. Go ahead.

18 A. We frequently negotiated with the  
19 requesters in the event that it was either  
20 time-consuming or the request could not be  
21 fulfilled in the way that they had asked it to  
22 be fulfilled. So there was a significant  
23 amount of give-and-take, generally speaking,  
24 arbitrated and intermediated by FTI on our  
25 behalf. But again, I'm not aware of anything

1 C. Dondzila

2 that we did not provide that someone asked for.

3 Q. Between March of 2012 and the time  
4 you left the company, how much work did you and  
5 your staff do on the intercompany balance  
6 issue?

7 A. I couldn't even estimate. Lots.

8 Q. A lot of time spent?

9 A. Yes, a lot of time.

10 Q. And Ms. Westman spent a lot of time  
11 working on the issue; correct?

12 A. She would have been the principal --  
13 the principal contact for that, yes.

14 Q. Okay. And who else was tasked with  
15 doing that review, assisting Ms. Westman?

16 A. She would have delegated portions of  
17 the work to members of the general ledger team  
18 that would have included Jake Bazella and  
19 others under his day-to-day management.

20 Q. Is it fair to say this was a  
21 substantial project that your staff worked on  
22 between March of 2012 and the time you left the  
23 company?

24 MR. LIPPS: Objection, form.

25 A. I don't think I'd put it in the class

1 C. Dondzila

2 of substantial, but I would put it on one of  
3 the higher lists that did require a lot of  
4 resources.

5 Q. From your perspective, this was an  
6 important issue in the bankruptcy case. Is  
7 that fair?

8 MR. LIPPS: Objection. Go ahead.

9 A. From my perspective, it was a topic  
10 that required a lot of follow-up and a lot of  
11 analysis on our part to satisfy requests.

12 Q. If you go to the last page of this  
13 document, there's an email from Marc Landy to  
14 Mark Renzi and Brian McDonagh, and I'm  
15 interested in the very last page that says  
16 "Other Follow-up."

17 MR. LIPPS: Bates number 7040 is  
18 the last four?

19 MR. PERRY: You know what? Go to  
20 the Bates number ending 7034.

21 A. Uh-huh.

22 MR. LIPPS: Okay, 7034.

23 Q. You see question number 2?

24 A. I do.

25 Q. Do you know whether you or your staff

1 C. Dondzila

2 was ever able to answer this question?

3 A. I believe there was follow-up work on  
4 that item.

5 Q. Do you know what the answer was?

6 A. I don't recall what the final  
7 conclusion was.

8 Q. You understand the question as you  
9 sit here today?

10 MR. LIPPS: Objection, but go  
11 ahead.

12 A. The question as it's written, the way  
13 that I read this question, is asking why if  
14 there was 2.6 billion of forgiveness,  
15 3.3 billion minus 2.6, which would be  
16 700 million, why the balance between GMAC  
17 Mortgage and -- why there was a disparity of  
18 differences because it was 51 million versus  
19 700 million. And there was an expectation that  
20 these two balances moved in tandem.

21 Q. And I take it -- did the two balances  
22 move in tandem?

23 A. They did not in all cases, no.

24 Q. Okay. So Res Holdings is purely a  
25 holding company; right?

1 C. Dondzila

2 A. That is correct.

3 Q. Why would they have not moved in  
4 tandem?

5 A. I don't have the details of exactly  
6 why they didn't move in tandem.

7 Q. Do you recall being told that the  
8 waterfall team at FTI was trying to analyze  
9 cash balances without the intercompany movement  
10 of cash?

11 A. I don't recall that.

12 (Dondzila Exhibit No. 13 was marked for  
13 identification.)

14 BY MR. PERRY:

15 Q. Before you is Dondzila Exhibit 13.  
16 Just take a minute to familiarize yourself with  
17 the document.

18 A. Okay.

19 Q. Do you have any understanding of the  
20 purpose of the exercise identified in  
21 Mr. McDonagh's email at the bottom of the third  
22 page of the document?

23 A. No, I don't actually understand what  
24 the purpose of -- what his actual purpose was  
25 for doing this, from this email.



1 C. Dondzila

2 Q. Do you know whether this project was  
3 ever completed?

4 A. I don't know definitively if it was  
5 ever completed, no.

6 Q. Is it a project that you participated  
7 in in any meaningful way?

8 A. Clearly from the email I was provided  
9 a copy of something that I reviewed. I  
10 provided comments and received feedback in  
11 regards to those comments. I wouldn't say that  
12 that was substantive or significant, but I  
13 clearly was part of the process.

14 Q. Other than receiving a copy of a  
15 document and commenting on it, do you recall  
16 doing anything else in connection with this  
17 project?

18 A. I don't.

19 Q. Were you involved in the decision to  
20 schedule the intercompany loans on the debtor's  
21 statement of assets and liabilities filed in  
22 connection with the bankruptcy?

23 A. Yes. My team and I prepared the SOFA  
24 and SOL.

25 Q. Do you recall whether there was an

1 C. Dondzila

2 issue about how the intercompanies would be  
3 characterized on those documents?

4 A. I don't recall any issue with that,  
5 no.

6 Q. Were you aware of anybody giving any  
7 consideration to not scheduling the  
8 intercompanies on the SOFA and the SOL?

9 A. No, I'm not aware of that.

10 Q. Is it fair to say that by the time  
11 the SOFA and the SOL were filed, you and your  
12 staff had done a significant amount of work  
13 analyzing the intercompany balances?

14 A. We would have done -- yes, we would  
15 have done a fair amount of analysis on the  
16 intercompany balances by then, yes.

17 Q. And as part of that analysis --  
18 strike that.

19 (Dondzila Exhibit No. 14 was marked for  
20 identification.)

21 BY MR. PERRY:

22 Q. Before you is Dondzila Exhibit 14.  
23 It's an email from Ms. Westman to you, and it  
24 appears to forward a string of emails to  
25 Mr. Renzi -- starting on the second page, to

1 C. Dondzila

2 Mr. Renzi from folks at Houlihan.

3 Do you have any understanding of who  
4 Houlihan represented?

5 A. I don't recall.

6 Q. You believe there's some bolded text  
7 that appears to be interlineated in Mr. Lewis  
8 from Houlihan's email. Are you able to tell  
9 either by the face of the email or through  
10 recollection whether that's your text or  
11 Ms. Westman's?

12 MR. LIPPS: Just so the record's  
13 clear, you're talking about the bolding  
14 on 512 and 513?

15 MR. PERRY: Yes.

16 A. It's not clear to me that it's mine  
17 or Barb's.

18 Q. Well, do you have any recollection of  
19 writing any of the bolded text?

20 A. No, I do not.

21 Q. If you look at -- go to 513,  
22 Mr. Lewis writes: "We know the schedules will  
23 be published this week, but since we have not  
24 seen them, we do not know how the intercompany  
25 claims will be described/detailed in the

1 C. Dondzila

2 schedules. We anticipate we'll start getting  
3 calls on the schedules starting on Monday.  
4 We'd like to be able to say more than, dot,  
5 dot, dot, the company has indicated the  
6 intercompany claims should be treated as equity  
7 contributions."

8 And then there's some bolded text  
9 that reads, "I believe this is what is holding  
10 things up. We are not disclosing that these  
11 claims should be treated as equity  
12 contributions, therefore, we haven't responded  
13 as of yet."

14 Did you write those words?

15 A. I don't know. I don't recall.

16 MR. LIPPS: Objection, asked and  
17 answered.

18 Q. Do you have any understanding of  
19 the -- well, were the schedules held up for a  
20 period of time before they were published in  
21 June of 2012?

22 A. I'm not sure what the reference to  
23 schedules means, so no, I'm not aware of  
24 anything being held up. I'm not aware we  
25 didn't file everything that we were required to

1 C. Dondzila

2 file timely.

3 Q. Regardless of timely or not timely,  
4 my question is, do you recall there being a  
5 delay while people considered how to  
6 characterize certain things on the schedules,  
7 for example?

Plaintiff's  
Objection  
133:3-134:3  
Beyond the  
scope of  
affirmative  
testimony

8 MR. LIPPS: Doesn't delay assume  
9 timely, or untimely? Go ahead and  
10 answer. I'll object.

11 MR. PERRY: Linguistically, no.

12 Q. Do you understand my question?

13 A. I do. Given that none of us on the  
14 ResCap side had been through a bankruptcy  
15 before and were not familiar with the specific  
16 requirements around certain of the filings that  
17 we had to make, I am positive that we took time  
18 to understand how things should be presented,  
19 and I'm equally positive that there were things  
20 that came up where we had questions about how  
21 to present something in a schedule. But I'm  
22 not aware of anything that got held up because  
23 of disagreements or, as this seems to imply,  
24 that there was some question about how  
25 something would be disclosed here.

1 C. Dondzila

2 But I'm positive we had questions  
3 about how to disclose things.

4 Q. Okay. And particularly with respect  
5 to whether the intercompany balances would be  
6 disclosed as debt, equity, or something else,  
7 do you recall that being an issue that you and  
8 your staff had questions about in preparing the  
9 schedules?

10 MR. LIPPS: In answering that I  
11 don't want you to disclose any  
12 conversations that you may have had with  
13 counsel.

14 A. I don't recall there being any  
15 questions about how -- that we raised about how  
16 to present those in the SOFAs and the SOLs.

17 Q. Did you raise questions about how  
18 those balances should be presented somewhere  
19 else? You limited your answer to the SOFAs and  
20 the SOLs. Was there some other place that you  
21 were contemplating disclosing them and opted  
22 either to disclose or not to?

23 MR. O'NEILL: Object to form.

24 MR. LIPPS: Objection. Objection.

25 A. As I mentioned before, they were

1 C. Dondzila

2 excluded -- for my purposes and how we  
3 interacted with the waterfall, they were not --  
4 we were not privy or party to any of that and  
5 how they were presented there, so that was the  
6 cause for my exclusion, I guess, or whatever I  
7 said by limiting my response. I'm not aware of  
8 anything else.

9 Q. So they were listed in the schedules,  
10 but not taken into account in the waterfall;  
11 correct?

12 A. I was not part of any decision of how  
13 or if they were included in the waterfall.

14 Q. Okay. Do you know whether -- well,  
15 strike that. By the time the SOFAs and the  
16 SOLs were filed in the bankruptcy, are you able  
17 to estimate how much time you and your staff  
18 had spent on the intercompany issues?

19 A. No.

20 Q. Fair to say hundreds of hours?

21 MR. LIPPS: Objection.

22 A. I don't know that I could put numbers  
23 around it.

24 Q. Certainly a lot of time, though;  
25 correct?

1 C. Dondzila

2 MR. LIPPS: Objection, asked and  
3 answered. Go ahead.

4 A. It was definitely an area where we --  
5 a focus, definitely an area of focus.

6 Q. And you understood at least at the  
7 time the SOFAs and the SOLs were filed, there  
8 were differing potential treatments that would  
9 be significant in the context of the  
10 bankruptcy, either debt or equity; right?

11 MR. O'NEILL: Objection.

12 MR. LIPPS: Objection. I think  
13 you've already asked her about this, but  
14 go ahead with the caution I don't want  
15 you to reveal any conversations that you  
16 had with counsel.

17 A. I was aware that there would need to  
18 be -- that there was a -- I was aware that the  
19 characterization of intercompany balances as  
20 debt or equity was a topic in the context of  
21 the bankruptcy, yes.

22 Q. And you were aware of that prior to  
23 the filing of the SOFA and the SOLs; right?

24 A. Yes.

25 MR. PERRY: We take a break?



1 C. Dondzila

2 THE VIDEOGRAPHER: The time is  
3 2:31. We're off the record.

4 (Recess taken.)

5 THE VIDEOGRAPHER: The time is  
6 2:42. We're on the record.  
7 (Dondzila Exhibit No. 15 was marked for  
8 identification.)

9 BY MR. PERRY:

10 Q. Ms. Dondzila, before you is Dondzila  
11 Deposition Exhibit 15. It's a copy of a Notice  
12 of 30(b)(6) Deposition served by the ad hoc  
13 group of junior secured noteholders in the  
14 Residential Capital bankruptcy case. It's  
15 addressed to Residential Capital LLC and its  
16 affiliated debtors.

17 My understanding, ma'am, is that  
18 you've been designated as a representative of  
19 ResCap LLC and its affiliated debtors to give  
20 testimony on behalf of the debtors in  
21 connection with topic number 16. Is that  
22 consistent with your understanding?

23 MR. LIPPS: Yeah. I'll just put on  
24 the record I think we did confirm that  
25 in an email, and I spoke to you briefly

1 C. Dondzila

2 about it, that she is somebody that we  
3 have designated for that topic as we  
4 understand it.

5 MR. PERRY: Okay.

6 Q. Is that consistent with your  
7 understanding, Ms. Dondzila?

8 A. Yes, with 16 being all matters  
9 concerning negotiations undertaken through the  
10 Brokering Consumer Loans Project.

11 Q. And other than conversations with  
12 your counsel, have you had discussions with  
13 anybody from the debtors in which they  
14 authorized you to provide testimony on behalf  
15 of the debtors with respect to number 16?

16 A. I did not speak with anybody from the  
17 debtors. I only spoke to counsel.

18 Q. Okay. What is your understanding of  
19 the dispute between the debtors and Ally with  
20 respect to the Brokering Consumer Loans  
21 Project?

22 MR. LIPPS: I'll object.

23 MR. O'NEILL: Objection.

24 MR. LIPPS: Object to the form.

25 I'm not sure that's an accurate

1 C. Dondzila

2 characterization. But go ahead.

3 A. I'm not aware that there's a dispute,  
4 that there was a dispute between the debtors  
5 and Ally.

6 Q. Okay. Did you -- you participated  
7 in -- well, did you sit for any interviews with  
8 the examiner appointed in these bankruptcy  
9 cases?

10 A. I sat for two interviews with a  
11 special examiner that was appointed in the  
12 ResCap bankruptcy case, yes.

13 Q. And did you understand the examiner  
14 to be, among other things, investigating causes  
15 of action that the debtors might have against  
16 Ally?

17 A. Generally, that was my understanding,  
18 yes.

19 Q. And did you understand that one of  
20 the causes of action the examiner was reviewing  
21 was breach of contract claims arising out of  
22 the Brokering Consumer Loans issue?

23 MR. LIPPS: Objection to form.

24 MS. WU: Objection to form.

25 A. I understood that he asked me

1 C. Dondzila

2 questions about that matter. I had no reason  
3 to know what his goals or objectives were in  
4 that regard.

5 Q. Have you reviewed any portion of the  
6 examiner's financial report?

7 A. I did not.

8 Q. In connection with preparing to be a  
9 30(b)(6) witness on topic number 16, did  
10 anybody summarize the examiner's conclusions  
11 with respect to the Brokering Consumer Loans  
12 Project?

13 MR. LIPPS: Well, I don't want you  
14 to disclose any conversations that you  
15 had with counsel, so I don't know what  
16 you're asking her other than trying to  
17 get into that discussion.

18 MR. PERRY: She's a 30(b)(6)  
19 witness. I guess --

20 MR. LIPPS: She's not a 30(b)(6)  
21 witness on what the examiner did.

22 MR. PERRY: If her testimony is not  
23 going to rely upon and she's not going  
24 to give answers with respect to what she  
25 learned from counsel, that's fine.

1 C. Dondzila

2 MR. LIPPS: That's right. And she  
3 said --

4 MR. PERRY: If she's being prepped  
5 and part of the way that you're  
6 preparing her is telling her these are  
7 the facts and these are not the facts,  
8 and she's going to testify on behalf of  
9 the business, I'm entitled to examine  
10 her on these subjects.

11 MR. LIPPS: I understand that. But  
12 the way you've asked the question I  
13 think gets you inside of the discussion  
14 with counsel. She's already said she  
15 didn't review the examiner report, so I  
16 don't know what more you need on it.

17 Q. Do the debtors have a view about  
18 whether they have strong claims against Ally  
19 with respect to the Brokering Consumer Loans  
20 Project?

21 MS. WU: Objection.

22 MR. O'NEILL: Objection.

23 MR. LIPPS: Objection.

24 MR. PERRY: What's the nature of  
25 the objection?

1 C. Dondzila

2 MR. O'NEILL: I say it's work  
3 product.

4 MR. LIPPS: Yeah, it is asking for  
5 a legal conclusion.

6 MR. PERRY: I'm asking for the  
7 debtor's view.

8 MR. LIPPS: On what?

9 MR. O'NEILL: They have strong  
10 legal claims?

11 MR. PERRY: Yeah.

12 MR. LIPPS: No, no.

13 MR. PERRY: So you're not going to  
14 permit the company to answer the  
15 question about whether it has strong  
16 legal claims?

17 MR. LIPPS: The company will answer  
18 questions about the brokering project  
19 and the investigations that followed on  
20 from that, but they're not -- the  
21 company's not going to answer whether it  
22 believes it has legal claims or not  
23 legal claims.

24 MR. O'NEILL: She's a 30(b)(6) on  
25 negotiations undertaken through the

1 C. Dondzila

2 Brokering Consumer Loans Project.

3 That's it. Not on claims the company  
4 might think it has.

5 MR. PERRY: Okay.

6 Q. Did you participate personally in the  
7 negotiations undertaken through the Brokering  
8 Consumer Loans Project?

9 A. I did not participate directly in the  
10 negotiations, no.

11 Q. Who participated in those  
12 negotiations?

13 MR. O'NEILL: Objection.

14 MR. PERRY: What's the nature of  
15 the objection?

16 MR. O'NEILL: It's unclear. You're  
17 asking her about your 30(b)(6) topic,  
18 not something she necessarily  
19 understands. You phrased the --

20 MR. LIPPS: She can answer, try and  
21 answer what you've asked. I didn't stop  
22 her from doing that.

23 MR. PERRY: I know you didn't, but  
24 I was intrigued about the objection.

25 MR. LIPPS: Yeah, go ahead.

1 C. Dondzila

2 A. Jim Young, as the chief financial  
3 officer, would have been involved. I do not  
4 know who would have been involved on the Ally  
5 Bank side.

6 Q. Well, what's your understanding of  
7 pre -- let's take pre-2009, what the  
8 arrangement was between GMACM and Ally with  
9 respect to the Brokering Consumer Loans  
10 Project?

11 MR. LIPPS: Pre-2009? There wasn't  
12 a broker's agreement.

13 MR. PERRY: Okay.

14 MR. LIPPS: So I'm not sure I know  
15 what you're asking. But if you know  
16 what he's asking, go ahead.

17 Q. Let's do it this way, Ms. Dondzila.  
18 What is your understanding as the corporate  
19 representative of the debtors what the  
20 Brokering Consumer Loans Project was?

21 A. There was an initiative at the end of  
22 2008 that would change the operational and  
23 business interactions between Residential  
24 Capital, broadly, including its affiliates, and  
25 Ally Bank specifically in connection with the



1 C. Dondzila

2 origination of and holding of loans,  
3 residential mortgage loans, prior to their sale  
4 to the -- into the secondary markets.

5 Q. Okay. And prior to the change in the  
6 operation and business relationship between the  
7 two entities, can you describe the operation  
8 and business relationship of the two entities  
9 with respect to -- with respect to this  
10 particular project?

11 A. Prior to the implementation of the  
12 broker to bank agreement, using that as the  
13 nomenclature for the actual form of the  
14 agreement, GMAC Mortgage would have been the  
15 named originator and would have funded loans in  
16 its name, residential mortgage loans. Some  
17 portion of those loans would have been  
18 subsequently sold to Ally Bank. Ally Bank  
19 would have held those loans and held them on  
20 their balance sheet until such time as they  
21 were pooled and sold -- well, sold from Ally  
22 Bank back to GMAC Mortgage, who would then pool  
23 those loans and sell them into the secondary  
24 market.

25 Q. What was the purpose of the sale of

1 C. Dondzila

2 the loans to Ally and then back?

3 A. Ally provided -- would finance the  
4 loans, so by the purchase, they would be  
5 holding and financing those loans.

6 Q. And the loans were pooled and then  
7 sold by GMACM?

8 A. That is correct.

9 Q. Okay. And if the value of the loans  
10 went down below the amount of funds -- strike  
11 that.

12 If the value -- if the loans were not  
13 able to be sold for the amount that they were  
14 acquired for, the funding that was provided for  
15 the loans, who bore that risk of loss prior to  
16 2009?

17 MR. LIPPS: Objection to form, but  
18 go ahead.

19 A. There were separate agreements that  
20 existed between the companies, GMAC Mortgage  
21 and Ally Bank, one of which was an -- a  
22 derivative contract between the two entities  
23 that would have resulted economically in GMAC  
24 Mortgage bearing the risk of a decline in value  
25 of the loan, conversely benefiting from an

1 C. Dondzila

2 increase in the value of the loan.

3 Q. And did that change at any time  
4 during 2009?

5 A. No. There were no changes to that  
6 agreement. There were no changes to the  
7 derivative agreement.

8 Q. Okay. Were there changes to any  
9 other agreements -- well, let's start this way.  
10 What were the varying agreements that  
11 memorialized the relationship between GMACM and  
12 Ally about this particular subject?

13 MS. WU: Just to clarify, by  
14 "Ally," you mean Ally Bank?

15 MR. PERRY: Sure.

16 MR. LIPPS: As it relates to the  
17 sale and purchase of loans.

18 MR. PERRY: Yes.

19 A. There was a master mortgage loan  
20 purchase and sale agreement, there was the  
21 derivative that I just referenced. It would  
22 have been by differing people called the held  
23 for sale swap or the pipeline swap. And, once  
24 executed, there was the broker agreement.  
25 There was also a client agreement I believe is

1 C. Dondzila

2 how we refer to it in the financial statements.

3 The client agreement governed the  
4 sale of loans from -- or the -- I believe the  
5 client agreement covered the purchase and sale  
6 of loans between the two entities. The  
7 primary, though, in principal agreement that  
8 did that was the master mortgage loan purchase  
9 and sale agreement.

10 Q. So broadly speaking, the idea was  
11 GMACM would broker loans, Ally Bank would in  
12 turn provide the funding for the loans.

13 Correct?

14 MR. LIPPS: Talking about under the  
15 broker agreement?

16 MS. WU: Object.

17 Q. Under the broker agreement.

18 A. Under the broker agreement, Ally Bank  
19 would underwrite and would fund in its name the  
20 residential mortgage loan, yes.

21 Q. And after Ally Bank funded in its  
22 name the residential mortgage loan, it would  
23 sell the loan to GMACM? Is that right?

24 A. Yes.

25 Q. Okay. And how long would that take

1 C. Dondzila

2 for the sale to occur? Did Ally hold the loan  
3 on its books for a material amount of time?

4 MR. O'NEILL: Object to form.

5 MR. LIPPS: Two different  
6 questions. Which one do you want to  
7 answer?

8 MS. WU: Object to form.

9 Q. Did Ally hold the loans on its books  
10 for a material amount of time?

11 MR. LIPPS: Ally Bank?

12 MR. PERRY: Ally Bank.

13 MR. O'NEILL: Objection.

14 MS. WU: Objection.

15 MR. LIPPS: Objection.

16 A. No.

17 Q. It would instantaneously sell them  
18 back to GMACM; is that correct?

19 MR. LIPPS: Objection.

20 MS. WU: Objection.

21 A. No.

22 Q. Okay. How long was it held on Ally  
23 Bank's books, the loans?

24 A. On average, 25 days.

25 Q. And the loans were then sold back to

1 C. Dondzila

2 GMACM; correct?

3 A. Yes.

4 Q. And then the loans were pooled by

5 GMACM; is that right?

6 A. Yes.

7 Q. And GMACM, after it pooled a number  
8 of loans, would ultimately sell them as part of  
9 a securitization or some other transaction;  
10 right?

11 MR. LIPPS: Objection to form, but  
12 go ahead.

13 A. In 2009, it would have been pooled  
14 and sold through either a Freddie, Fannie, or a  
15 Ginnie securitization. There would have been  
16 no private label.

17 Q. And how long were the loans pooled?  
18 How long did it take for the pooling process to  
19 occur, on average?

20 MR. LIPPS: Objection.

21 A. That part of the process was  
22 effectively instantaneous.

23 Q. And if the loans declined in value  
24 for the roughly 25 days that they were held at  
25 Ally Bank, who bore the risk of loss under

1 C. Dondzila

2 these agreements? Which entity?

3 A. GMAC Mortgage.

4 Q. And conversely, if the loans  
5 appreciated in value, is it correct that GMAC  
6 Mortgage would be able to recognize the profit  
7 on the loans?

8 MR. LIPPS: Talking about the  
9 broker agreement?

10 MR. PERRY: On the sale of the  
11 loan.

12 MR. LIPPS: Under the broker  
13 agreement.

14 MR. PERRY: Under the broker  
15 agreement.

16 MR. LIPPS: Sale into secondary  
17 market; there's a gain.

18 MR. PERRY: Yes.

19 A. So you're talking about two different  
20 things, but the answer is yes, GMAC Mortgage  
21 would benefit from an increase in value from  
22 the point a loan was locked to the point that a  
23 loan was ultimately resold back to GMAC  
24 Mortgage. And to the extent that there was any  
25 gain recognized on the sale of that mortgage

1 C. Dondzila

2 into the secondary market through the pooling  
3 process, GMAC Mortgage would have been entitled  
4 to that gain as well.

5 Q. Okay. And under this arrangement,  
6 what gain -- what was the profit opportunity  
7 for Ally Bank?

8 MR. LIPPS: Under the broker  
9 arrangement?

10 MR. PERRY: Yes.

11 MR. LIPPS: Note my objection.

12 Answer if you can.

13 A. Ally Bank's profit would have been  
14 similar to any other underwriter who  
15 underwrites and funds mortgage loans. To the  
16 extent there are fees that are collected, to  
17 the extent that there are, you know, points  
18 collected, to the extent that those are in  
19 excess of their costs, those would be the  
20 profits that they would have recognized.

21 Q. Now, in August of 2009, did Ally Bank  
22 change the way it recognized the revenue and  
23 expenses from this arrangement?

24 A. No.

25 Q. Was there a switch to fair value



1 C. Dondzila

2 accounting by Ally Bank in August of 2009?

3 MR. LIPPS: That she's aware of.

4 Q. That you are aware of?

5 MR. LIPPS: Because she's not Ally  
6 Bank's designated. Go ahead.

7 A. Yes, I'm aware that Ally Bank for  
8 loans funded after July 31 of 2009 made a fair  
9 value election.

10 Q. And did that affect, Ally Bank's fair  
11 value election affect the economics from  
12 GMACM's perspective?

13 A. No.

14 Q. So as a result of the fair value  
15 election, it's your testimony that GMACM did  
16 not retain -- receive less profit on the sale  
17 of the loans than it otherwise would have?

18 MR. LIPPS: Objection to form, but  
19 go ahead.

20 MS. WU: Objection to form.

21 A. There was no impact from the fair  
22 value election on the value of the loans.

23 Q. Did Ally do anything in August of  
24 2009 that led to GMACM receiving less profit on  
25 the sale of the loans in connection with the

1 C. Dondzila

2 brokering arrangement?

3 MS. WU: Objection to form.

4 MR. LIPPS: Same objection.

5 A. To my knowledge, Ally, in this case,  
6 Bank, did not do anything to affect the  
7 profitability recorded.

8 Q. Now, did there come a time where Ally  
9 required GMACM to reimburse Ally for revenues  
10 that had been recognized in the first half of  
11 2009?

12 A. There was a reimbursement from GMAC  
13 Mortgage to Ally Bank that related to that  
14 period that was the result of an error in the  
15 implementation of changes to the accounting  
16 process.

17 Q. And can you describe the error in  
18 implementation of changes to the accounting  
19 process?

20 A. The profiles that were established,  
21 which profiles direct the systems to put debits  
22 and credits -- and debits and credits meaning  
23 revenues and expenses -- and to record those in  
24 the financial records of the company, there was  
25 one item that continued to post and shouldn't

1 C. Dondzila

2 have, and that increased the revenues or  
3 decreased the expenses, whichever way you want  
4 to think about it, of GMAC Mortgage. And that  
5 was at the detriment of Ally Bank.

6 Q. What was the item that continued to  
7 post and shouldn't have?

8 A. It was a line, I think the name of  
9 the line on the ledger was a FAS 91 was the  
10 descriptor. It included some reference to FAS  
11 91.

12 Q. And do you have any knowledge of the  
13 size of the purported error?

14 A. The error that was identified and  
15 reimbursed was approximately \$48 million. I  
16 don't know if that includes the lost interest  
17 or not, but it was in or around \$48 million.

18 Q. How was the error identified?

19 A. In late 2011, a member of the Ally  
20 Bank organization raised concerns about  
21 recordation and recognition of revenue in the  
22 context of this arrangement between Ally Bank  
23 and GMAC Mortgage/ResCap. That concern led to  
24 a much more significant analysis on the part of  
25 the finance team, finance and accounting team

1 C. Dondzila

2 at GMAC Mortgage, and included some members of  
3 the Ally Bank accounting team.

4 That analysis was -- continued all  
5 the way through to, I believe, the end of  
6 February, early beginning of March, at which  
7 point, after a fairly comprehensive review of  
8 underlying documents, discussions with other  
9 parties throughout the organization who were  
10 part of the accounting or part of other parts  
11 of the business process, that -- and also a  
12 review of the governing legal documents,  
13 including with outside counsel, we concluded  
14 that there had been an error.

15 That information was summarized, was  
16 shared with -- in my part, I'm aware was shared  
17 with the audit committee at ResCap, and the  
18 correction was made and the settlement was, I  
19 believe, executed in March of 2012.

20 Q. That's two months before the  
21 bankruptcy; right?

22 A. Yes, that is correct.

23 Q. Okay. And the individual that raised  
24 the concern was Adam Glassner; is that correct?

25 A. That is my understanding, yes.

1 C. Dondzila

2 Q. Did Mr. Glassner leave the company  
3 thereafter?

4 MR. LIPPS: By the company, you  
5 mean Ally Bank?

6 MR. PERRY: Ally Bank.

7 A. I believe Mr. Glassner left Ally Bank  
8 at the end of January of 2012 or the early part  
9 of February 2012.

10 Q. Do you know if he left as a result of  
11 his concerns about this particular issue?

12 A. I am not privy to that information,  
13 as he was an -- an Ally Bank employee.

14 Q. Now, KPMG was retained to perform an  
15 investigation; right?

16 MR. LIPPS: Retained by? Are you  
17 asking her whether she did it?

18 Q. Do you know whether KPMG was retained  
19 to perform an investigation?

20 A. The head of internal audit, Ann  
21 Cummings, an Ally Financial employee to my  
22 knowledge, in partnership with the head of  
23 global security of Ally Financial, did engage  
24 KPMG to perform an investigation under their  
25 collective direction.

1 C. Dondzila

2 Q. So Ally retained KPMG to perform the  
3 investigation; correct?

4 A. That is correct.

5 Q. Did ResCap or GMACM retain their own  
6 advisors to perform an investigation on behalf  
7 of GMACM?

8 A. We did not.

9 Q. Why not?

10 A. Ally Financial, in terms of internal  
11 audit and in terms of global security, provided  
12 services to ResCap in those capacities, and we  
13 leveraged the work of those experts jointly.

14 Q. Did you understand the experts to  
15 represent GMACM as well as Ally Financial?

16 A. I did not understand that directly.

17 Q. Did GMACM rely on the work of KPMG in  
18 connection with their decision to -- well,  
19 strike that.

20 How was the alleged accounting error  
21 dealt with on GMACM's books?

22 A. We reopened the -- well, they weren't  
23 closed officially, but we recorded the loss  
24 that -- the amount of the error that we had  
25 calculated as an expense or loss in the income

1 C. Dondzila

2 statement of GMAC Mortgage for the fiscal year  
3 ended December 31, 2011.

4 Q. Why wasn't it dealt with by just a  
5 straight cash settlement?

6 A. Debits have to equal credits, so  
7 we -- if you -- I can make a cash settlement,  
8 which would credit cash, but I have to have a  
9 debit, and so my debit was that I had a loss,  
10 which that was my earnings were overstated in a  
11 prior period, so I had to recognize that loss.

12 Q. Okay. Was there any -- was there any  
13 cash paid by GMACM in connection with the  
14 settlement?

15 A. That, I do not recall.

16 Q. Do you know -- can you describe what  
17 it was about the accounting practices between  
18 the beginning of 2009 and later in 2009 --  
19 well, strike that.

20 The -- were the accounting practices  
21 with respect to the line item that you  
22 discussed earlier in your testimony consistent  
23 throughout 2009?

24 A. No.

25 Q. When were they changed?

1 C. Dondzila

2 A. On or about the fair value election.

3 Q. And when did the fair value election  
4 occur?

5 A. All loans funded subsequent to  
6 January -- or July 31, 2009.

7 Q. Okay. And at the time of the fair  
8 value election, why did no one go back to the  
9 beginning of the year and change the accounting  
10 treatment that ultimately was changed at the  
11 time of the fair value election?

12 A. It was a control issue and should  
13 have been something that we would have picked  
14 up, hence the designation as an error.

15 Q. And Mr. Glassner's concern was not  
16 the pre-July 31, 2009 error. Mr. Glassner had  
17 a concern that the post-July 31, 2009 change  
18 was, in fact, detrimental to GMACM; right?

19 MR. LIPPS: Objection to the  
20 characterization, but go ahead.

21 MS. WU: Objection. Same  
22 objection.

23 A. I never spoke directly with  
24 Mr. Glassner, and I don't know him to have  
25 time-banded it to a period of post-August 1 or



1 C. Dondzila

2 any other period. I was aware that he raised  
3 concerns that ResCap was entitled to more  
4 revenue than they had been recognizing.

5 Q. Okay.

6 A. The period, I am not certain that he  
7 made that clear.

8 Q. And what did you understand  
9 Mr. Glassner's concerns to be, particularly  
10 about why ResCap was entitled to more revenue  
11 than they were getting?

12 A. Again, I never spoke directly with  
13 Mr. Glassner. I was just aware that he had  
14 spoken to members of the leadership team and  
15 that his concern was that ResCap was entitled  
16 to more of the revenue than they were  
17 receiving. I had subsequently understood it to  
18 be something to do with the revenue recognition  
19 around what people internally started calling  
20 premium pricing, but points, premium pricing,  
21 etc.

22 Q. And do you understand what  
23 Mr. Glassner's position was about how points or  
24 premium pricing ought to be recognized as  
25 between Ally Bank and GMACM?

1 C. Dondzila

2 A. We explored all the facets once the  
3 issue was raised. We were not limiting  
4 ourselves to one direction or another. We I  
5 believe fairly comprehensively explored all  
6 aspects of the relationship for the entire time  
7 period covered. So that included a  
8 consideration of whether more revenue --  
9 whether the revenue splits should have been in  
10 a different direction, but we did review both  
11 sides.

12 Q. And when you say "we," who was it who  
13 reviewed both sides?

14 A. We had a fairly extensive team  
15 internally within ResCap and certain  
16 representatives from Ally Bank as well.  
17 Myself, Jim Whitlinger, Nikki Rock, Ryan  
18 McKendrick, Colleen Cowley. We probably  
19 brought in, you know, subject matter experts  
20 from a variety of different parts of the  
21 finance and accounting department. Joe Cortese  
22 was contributing and participating as the  
23 controller at the time of Ally Bank.

24 Q. Did Mr. Cortese attend all of the  
25 meetings that you had on this subject?

1 C. Dondzila

2 MS. WU: Objection to form.

3 A. I don't know that he attended every  
4 meeting.

5 Q. Did he attend most of the meetings on  
6 this subject?

7 A. Again, he was involved. I don't know  
8 if it was most, if it was some, or if it was --  
9 I know it wasn't all.

10 Q. It was between you and Mr. -- did  
11 Mr. Cortese take the lead from the Ally Bank  
12 side on the investigation?

13 MS. WU: Objection to form.

14 A. Yes, my understanding is that Joe  
15 Cortese was -- in terms of the work that we  
16 were doing prior to the investigation that was  
17 undertaken by internal audit and global  
18 security, that Joe Cortese was participating on  
19 behalf of Ally Bank and was reporting to his  
20 leadership team.

21 Q. How many people were involved on the  
22 Ally Bank side of the investigation?

23 A. Well, so the investigation that  
24 internal audit and global security performed,  
25 there were more people because they conducted

1 C. Dondzila

2 interviews. I would say that we probably had  
3 working with our group, which predated that, it  
4 would have been Joe Cortese, and then again as  
5 there were subject matter experts that were  
6 part of the original working group or otherwise  
7 had knowledge, I'd say it was probably three or  
8 four other people from the bank that would have  
9 participated in some capacity.

10 Q. About how long did -- prior to the  
11 internal audit, global security investigation,  
12 how long did the review that Mr. Cortese and  
13 others did take?

14 A. We started in the middle of December.  
15 I recall that the issue was first brought to my  
16 attention, you know, sort of the middle of  
17 December of 2011. And I believe that internal  
18 audit was brought into the process in late  
19 January of 2012.

20 Q. Did ResCap have an internal audit  
21 staff, its own internal audit staff?

22 A. We did not.

23 Q. Were ResCap's auditors at Deloitte &  
24 Touche advised of the issue?

25 A. Absolutely.

1 C. Dondzila

2 Q. When were they advised?

3 A. I would expect it would have come up  
4 in January. I can't be certain of the exact  
5 date, but it would have come up in January of  
6 2012.

7 Q. Who were Ally's outside auditors?

8 A. Deloitte & Touche.

9 Q. And did you advise Deloitte & Touche  
10 of the issue or did Mr. Cortese or somebody  
11 else from Ally?

12 MS. WU: You mean the bank?

13 MR. PERRY: Sure.

14 A. So I would have only dialogued with  
15 Deloitte & Touche in the context of ResCap.  
16 However, we would have obviously disclosed that  
17 it was a matter that we were exploring that  
18 related to a contract or an arrangement that we  
19 had with Ally Bank. And the same -- I believe  
20 we at that point in time had the same partner  
21 on our engagements, so they would have been  
22 aware even though I was not representing Ally  
23 Bank.

24 Q. Did the FTI firm become involved in  
25 the issue at all?

1 C. Dondzila

2 A. I don't recall FTI being involved in  
3 this one.

4 Q. Did ResCap retain outside counsel in  
5 connection with this issue?

6 A. We did not uniquely retain outside  
7 counsel for this issue in and of itself, no.

8 Q. What do you mean by that answer?

9 A. We used counsel that were -- we were  
10 already working with.

11 Q. Okay. Was that restructuring  
12 counsel?

13 A. It was.

14 Q. Was that Morrison & Foerster?

15 A. Morrison & Foerster.

16 Q. Did Ally Bank retain outside counsel  
17 in connection with this issue?

18 A. I don't know the answer to that  
19 question.

20 (Dondzila Exhibit No. 16 was marked for  
21 identification.)

22 BY MR. PERRY:

23 Q. Before you is Dondzila Deposition

24 Exhibit Number 16. Can you identify this

25 document?

1 C. Dondzila

2 A. Yes, I can.

3 Q. What is the document?

4 A. This is the materiality analysis

5 under the Professional Guidelines SAP 99 and

6 108 related to the determination of the

7 significance of the error to previously issued

8 and currently to-be issued financial

9 statements.

10 Q. Who drafted the memo?

11 A. I did, sir.

12 Q. Did you review any memos prepared by

13 Mr. Cortese with respect to this subject?

14 MR. LIPPS: By "this subject," you

15 mean her materiality analysis?

16 MR. PERRY: Yeah.

17 A. I don't recall reviewing the Ally

18 Bank materiality memo, but I would not be

19 surprised if I had been provided a copy. But I

20 don't recall reviewing it.

21 Q. Did you cut and paste any pieces of

22 the Ally Bank materiality analysis?

23 A. I did not.

24 Q. Do you know whether -- well, let's do

25 number 7.

1 C. Dondzila

2 (Dondzila Exhibit No. 17 was marked for  
3 identification.)

4 BY MR. PERRY:

5 Q. Before you is Dondzila Deposition  
6 Exhibit 17. Can you identify this document?

7 A. It's a memo from Joe Cortese, the  
8 Ally Bank chief accounting officer, to the Ally  
9 Bank 2011 financial statement files. And it --  
10 the subject line being there "Materiality  
11 analysis under professional standards SAP 99  
12 and 108 in regards to the error."

13 Q. And you'll see his subject line is  
14 the exact same subject line as your subject  
15 line; correct?

16 A. Correct.

17 MR. LIPPS: Objection. The  
18 document speaks for itself.

19 Q. Did you review Mr. Cortese's memo  
20 before it was finalized?

21 MR. LIPPS: Objection, asked and  
22 answered. Go ahead.

23 A. I would have no reason to have  
24 reviewed his document, but could have received  
25 it, but would have had no reason to have seen



1 C. Dondzila

2 this.

3 Q. Did Mr. -- did you provide  
4 Mr. Cortese with a copy of your memo prior to  
5 finalizing?

6 A. I do not recall it -- if I provided  
7 it to Joe.

8 Q. Do you recall Mr. Cortese reviewing  
9 and commenting on your memo, Dondzila  
10 Exhibit 16?

11 A. I do not.

12 Q. Who else reviewed Dondzila Exhibit 16  
13 before it was finalized?

14 A. I would have shared it with Jim  
15 Whitlinger, chief financial officer at the  
16 time. Barb Westman in all likelihood also  
17 participated in -- and had an opportunity to  
18 review and comment on the memo. It ultimately  
19 was obviously provided to members of the audit  
20 committee and other executive team members.

21 Q. Did Mr. Cortese -- well, strike that.  
22 Was this memo, Dondzila Exhibit 16,  
23 provided to the audit committee?

24 A. Yes.

25 MR. LIPPS: Objection, asked and

1 C. Dondzila

2 answered.

3 THE WITNESS: Sorry.

4 A. Yes.

5 Q. Do you know whether Mr. Cortese's

6 email, memorandum, was provided to the ResCap

7 audit committee?

8 A. Joe Cortese's memo in regards to

9 materiality of Ally Bank would not have been

10 provided to the ResCap audit committee.

11 (Dondzila Exhibit No. 18 was marked for

12 identification.)

13 BY MR. PERRY:

14 Q. Before you is Dondzila Deposition

15 Exhibit 19 [sic]. Can you identify the

16 document?

17 A. I know this to be 18.

18 MR. PERRY: Is it 18 or 19?

19 THE REPORTER: It's 18, sir.

20 A. These were materials that were

21 distributed to the members of the Residential

22 Capital LLC audit committee in connection with

23 a meeting on Tuesday, March 20, 2012.

24 Q. Do you recall -- it says here the

25 meeting occurred at 7:30 a.m. Is that

1 C. Dondzila

2 accurate, to the best of your recollection?

3 A. To the best of my knowledge, that's  
4 the time the meeting was held.

5 Q. Was that a telephonic meeting?

6 A. It was.

7 Q. Where were you during the meeting?

8 A. I don't recall where I was.

9 Q. Did you take the call with other  
10 members of your staff or your colleagues?

11 A. I don't recall.

12 Q. Were any representatives of Ally Bank  
13 present at the meeting?

14 A. No.

15 Q. Did any representative of Ally Bank  
16 receive any of these materials distributed to  
17 the ResCap audit committee prior to the  
18 distribution?

19 A. The report of Ann Cummings and global  
20 security would in all likelihood have been  
21 distributed to Ally Bank, and that is a  
22 component of the materials included.

23 There is an -- and that would include  
24 various appendices that are attached to that  
25 report, and also summaries of the global

1 C. Dondzila

2 security investigation report. They could have  
3 received copies of those. I'm not privy to  
4 whether they did or not, but those are not --  
5 it would not surprise me if they had received  
6 that information.

7 Q. Your memorandum was supplied to the  
8 audit committee; correct?

9 A. It was.

10 MR. LIPPS: Objection, asked and  
11 answered.

12 Q. And that's reflected at RC40022125;  
13 correct?

14 MR. LIPPS: It's the first page of  
15 it.

16 A. Correct. The first page of the memo  
17 is at that Bates number, correct.

18 Q. If you go to the conclusion on the  
19 last page, it says we -- the very last in  
20 brackets, "We shared this memo with external  
21 auditors who have concurred with the  
22 conclusion. We also shared the results of this  
23 analysis with the audit committee on March" --  
24 and then it's got an open date, "prior to  
25 March," then it's got another open date,

1 C. Dondzila

2 "filing of the December 31, 2011 ResCap and  
3 GMAC Mortgage annual financial statements." Do  
4 you see that?

5 A. I do.

6 Q. Was the memo updated at some point  
7 after the meeting to reflect the fact that the  
8 meeting had occurred?

9 A. That would be consistent with my  
10 expectation, yes.

11 Q. Now, we looked at Dondzila Exhibit 16  
12 previously. It's dated March 10. Do you know  
13 whether Dondzila Exhibit 16 was edited in  
14 advance of the audit committee meeting?

15 A. I don't know. It's possible.

16 Q. Just to -- well, you'd agree with me  
17 that Dondzila Exhibit 16 is a 12-page document,  
18 whereas the copy of the memorandum provided to  
19 the audit committee is a 13-page document;  
20 right?

21 MR. LIPPS: Objection. The  
22 document speaks for itself, but you can  
23 make the comparison.

24 A. Yes, that's correct.

25 Q. In the intervening ten days between

1 C. Dondzila

2 your initial memoranda at Dondzila Exhibit 16  
3 and the memorandum provided to the audit  
4 committee, do you recall changes being  
5 suggested by Ally Bank personnel?

6 A. No.

7 Q. Do you recall sharing Dondzila  
8 Exhibit 16 with Ally Bank personnel?

9 MS. WU: Objection.

10 MR. LIPPS: Objection, asked and  
11 answered. Go ahead.

12 MS. WU: Same. Same objection.

13 A. I don't recall, but could have.

14 Q. And go back to the audit committee  
15 meeting. About how long did it last?

16 MR. LIPPS: On the 20th?

17 MR. PERRY: On the 20th.

18 A. I don't recall that it went over the  
19 scheduled hour.

20 Q. And who spoke at the meeting?

21 A. As I recall, Ann Cummings -- we'd  
22 need to consult the minutes, but the chairman  
23 of the audit committee would have called it to  
24 order, Pam West, and Ann Cummings, along with  
25 potentially could have been introduced by

1 C. Dondzila

2 Mr. Solomon, but Ann Cummings and the global  
3 security representatives would have presented  
4 their report, and upon completion of the audit  
5 committee members' review of those materials  
6 and any questions or answers for Ann, it would  
7 have been handed over to me and I would have  
8 been responsible for presenting the materiality  
9 analysis.

10 Mr. Tom Robinson and Carol Larson,  
11 who was the lead partner on the Ally Financial  
12 audit, and the sort of relationship partner,  
13 could have also been called upon to speak about  
14 their conclusions, concurrence or otherwise,  
15 with management's conclusion in this regard.  
16 But we'd have to look at the minutes for  
17 certainty.

18 MR. PERRY: Why don't we -- I'm  
19 getting a note on the tape so why don't  
20 we give him a chance to change the tape,  
21 and if you want to take a break.

22 THE VIDEOGRAPHER: The time is  
23 3:41. We're off the record.  
24 (Recess taken.)

25 THE VIDEOGRAPHER: The time is

1 C. Dondzila

2 3:48. We're on the record.

3 BY MR. PERRY:

4 Q. Who is Ann Cummings?

5 A. Ann Cummings was the head of internal  
6 audit for Ally Financial, Inc. at the time of  
7 this investigation.

8 Q. And who is Carol Larson?

9 A. Carol Larson is the relationship and  
10 lead partner from Deloitte & Touche for the  
11 Ally Financial services that Deloitte provides.

12 Q. Who is the audit partner at this  
13 point in time for Residential Capital LLC?

14 A. Tom Robinson.

15 Q. Did Mr. Robinson provide any audit  
16 services for Ally Bank as far as you know?

17 A. I believe that Mr. Robinson did, in  
18 fact, provide audit services to Ally Bank at  
19 the time.

20 Q. Was anybody from the Morrison  
21 Foerster firm at the meeting?

22 MR. LIPPS: By the meeting, you  
23 mean the March 20 audit committee  
24 meeting?

25 MR. PERRY: Yeah.



1 C. Dondzila

2 Q. Was anybody from the Morrison

3 Foerster firm at the March 20, 2012 audit

4 committee meeting?

5 A. No, I don't believe any of the

6 attendees were from Morrison & Foerster.

7 Q. And who did most of the talking at

8 the meeting?

9 MR. LIPPS: I think that's been

10 asked and answered, but go ahead. So

11 I'll note my objection.

12 A. I don't know exactly how to split the

13 time, but I would guess that both Ann Cummings

14 on behalf of the work performed by herself and

15 global security, and in terms of presenting the

16 information from the experts that they hired,

17 KPMG, she and I would have probably shared

18 the -- done the lion's share of the talking at

19 the meeting.

20 Q. Was anybody from KPMG actually at the

21 meeting?

22 A. As I recall, there was at least one

23 representative on the phone from KPMG.

24 Q. Is that -- did that person talk at

25 all?

1 C. Dondzila

2 A. I don't recall if he spoke.

3 Q. Was that person identified on the  
4 distribution here?

5 A. No, I do not believe, no.

6 Q. Did members of the audit committee  
7 ask any questions during the meeting?

8 A. Yes.

9 Q. Who asked questions?

10 A. We have a very active audit  
11 committee, so I would not be surprised to have  
12 gotten a number of questions from the chairman  
13 of the audit committee, Pam West, and Ted  
14 Smith. I do not recall if Mr. Ilany or  
15 Mr. Mack had any specific questions that they  
16 asked.

17 Q. Did anybody from the audit  
18 committee -- well, strike that.

19 Was there any discussion at the audit  
20 committee meeting about whether the accounting  
21 treatment that was changed in August of 2009,  
22 whether ResCap approved that change?

23 MR. LIPPS: Objection to form.

24 MS. WU: Same objection.

25 A. What accounting change in 2009?

1 C. Dondzila

2 Q. Well, as I understand your testimony,  
3 when there was a change to fair value  
4 accounting, that resulted in the accounting for  
5 the brokered consumer loans being changed in a  
6 way that affected the accounting and the  
7 revenue recognized going forward. Is that  
8 fair?

9 A. I wouldn't characterize it as an  
10 accounting change. I would characterize it as  
11 an error in the underlying accounting process,  
12 but it wasn't an accounting change.

13 Q. Okay. So it was an error that was  
14 corrected in August of 2009?

15 A. No, it's an error that was identified  
16 in 2012 and corrected in 2011 financial  
17 statements.

18 Q. Okay. But here's my question. So in  
19 August of 2009, something changed; right?

20 MR. LIPPS: Objection, asked and  
21 answered, but go ahead.

22 MS. WU: Same objection.

23 A. In August in 2009, yes, there was a  
24 change to the operational accounting process as  
25 a result of the fair value election.

1 C. Dondzila

2 Q. And the change in the operational  
3 accounting process, at least in your view,  
4 corrected the error in the accounting process  
5 at least up to July 31, 2009; right?

6 A. So the answer is yes, but the error  
7 actually persisted past August 1 of 2009  
8 because it related to loans that were brokered  
9 to the bank, and the error would manifest  
10 itself when they were finally sold.

11 So as loans that were brokered to the  
12 bank all the way up through July 31, those  
13 loans -- we had losses that we incurred, or we  
14 had -- the error manifested itself and  
15 continued to manifest itself through the end of  
16 2009 because it was more attached to the timing  
17 of when the loans were funded and then sold.

18 So there was no issue with loans that  
19 were funded after July 31 of 2009.

20 Q. I think I understand. And so when  
21 you say that the error persisted past August 1,  
22 2009, it persisted at least as it respected  
23 loans brokered prior to August 1, 2009, but not  
24 sold until after August 1, 2009; right?

25 A. That is correct.

1 C. Dondzila

2 Q. Okay. And there was a change in the  
3 operational accounting process which resulted  
4 in loans brokered after August 1, 2009, not  
5 having this error; correct?

6 A. That is correct.

7 Q. And so that I understand it, what was  
8 the nature of the error that existed prior to  
9 August 1, 2009?

10 MR. LIPPS: On loans brokered prior  
11 to?

12 MR. PERRY: On loans brokered prior  
13 to that date.

14 MR. LIPPS: Just note my objection.  
15 It's been asked and answered. But go  
16 ahead.

17 A. There was a component of the  
18 transaction that was included in the  
19 recordation of those loans into the financial  
20 records that carried a title that included in  
21 some way, shape, or form, may not have solely  
22 said this, but said FAS 91. And for loans that  
23 were brokered prior to July 31 or prior to  
24 August 1 of 2009, that amount resulted in an  
25 understatement of revenue for Ally Bank and an

1 C. Dondzila

2 overstatement of revenue for GMAC Mortgage.

3 For loans originated after August -- after

4 July 31 of 2009, because there are no FAS 91

5 deferrals, the operational team removed that

6 line from the profiles in the accounting

7 recordation and it was no longer distorting the

8 revenue split between the two entities.

9 Q. When you say distorting the revenue  
10 split, so just focusing pre-August 1, 2009,  
11 what was the revenue split that resulted from  
12 the FAS 91 deferral being applied?

13 A. Again, that was the approximately 47  
14 or \$48 million that we -- again I'm not sure if  
15 that does or doesn't have the interest number  
16 in it, but it was in that range.

17 Q. And is there a way to break it out on  
18 a particular loan-by-loan basis what aspect of  
19 the loan was being -- resulted in revenue to  
20 GMACM that changed after August 1, 2009?

21 MR. LIPPS: Objection to form.

22 A. If you look at the loan examples for  
23 the respective periods, yes, you would be able  
24 to identify what I'm describing.

25 Q. Okay. Do you recall as you sit here

1 C. Dondzila

2 today what the particular items were that  
3 changed after August 1, 2009?

4 MR. LIPPS: Objection, asked and  
5 answered. Go ahead.

6 A. Again, it was -- I don't remember the  
7 individual components of what was going to that  
8 line that I just described that had the name in  
9 whole or in part FAS 91. But it's that amount.

10 Q. Okay. Now, did -- at the time the  
11 change occurred and FAS 91 deferrals were no  
12 longer applied, was there any GMACM employee  
13 that either agreed or disagreed with that  
14 change?

15 A. We understood -- we, myself and my  
16 team -- building the accounting that we did  
17 because we, actually, GMAC Mortgage, did a fair  
18 amount of the accounting, operational  
19 accounting on behalf of Ally Bank, and we  
20 understood that FAS 91 deferrals were no longer  
21 appropriate in a fair value election schema,  
22 accounting scheme.

23 Q. And when did you come, you or your  
24 team come to that understanding?

25 A. As we were working through the

1 C. Dondzila

2 implementation to make that change on behalf of  
3 the bank.

4 Q. So this was in 2009?

5 A. This would have been in 2009, yes.

6 Q. Okay. And did you discuss the  
7 deferral -- this change in accounting treatment  
8 with anybody that you reported to?

9 A. Jim Young was aware at the same time  
10 that Ally Bank made the election, Residential  
11 Capital/GMAC Mortgage made the same election,  
12 and so Jim Young as the chief financial officer  
13 at the time would have been aware and would  
14 have been required to approve us making the  
15 fair value option election on behalf of GMAC  
16 Mortgage and Residential Capital.

17 Q. Well, did you have a conversation  
18 with Jim Young where you said, look, in words  
19 or in substance, making the fair value election  
20 will result in less revenue to GMACM because of  
21 the FAS 91 deferral issue?

22 A. The fair value election did not  
23 create or change the revenue distribution  
24 between the two entities. Implementing the  
25 change that we needed to make for the fair



1 C. Dondzila

2 value election, unbeknownst to us, corrected an  
3 error that we had that should have been made in  
4 the broker to bank implementation.

5 Q. Okay. It's the unbeknownst part to  
6 us that I'm focused on. At some point, there's  
7 a change to fair value accounting, and that  
8 corrects what you've described is an error that  
9 was previously extant for loans brokered prior  
10 to August 1, 2009.

11 And my question is: When did it  
12 become known to you that the error had been  
13 corrected in August 1, 2009?

14 MR. O'NEILL: Objection,  
15 mischaracterizes the witness's  
16 testimony.

17 MR. LIPPS: Same objection.

18 MS. WU: Same objection.

19 MR. LIPPS: Go ahead.

20 A. That would have become known in  
21 February of 2012.

22 Q. Now, did the audit committee consider  
23 taking the position, at least at the meeting  
24 you were involved at -- involved with, taking  
25 the position that the \$47 million was not

Plaintiff's  
Objection  
185:5-187:16  
Beyond the  
scope of  
affirmative  
testimony

1 C. Dondzila

2 payable to Ally Bank?

3 MR. LIPPS: You know there was more  
4 than one meeting, so I -- do you want it  
5 just to be confined to one meeting or  
6 the meetings that the audit committee  
7 had?

8 Q. Well, let me ask you this: How many  
9 audit committee meetings were you at concerning  
10 this particular issue?

11 A. I attended all audit committee  
12 meetings unless I had a conflict, so I was an  
13 expected attendee at every audit committee  
14 meeting.

15 Q. And how many audit committee meetings  
16 do you recall the brokering agreement FAS 91  
17 deferral issue being discussed?

18 A. At least a handful.

19 Q. Okay. Was the meeting that occurred  
20 on March 20, 2012 the final meeting on this  
21 particular issue?

22 A. I believe the answer to that is yes.

23 Q. Okay. And in -- during the March 20,  
24 2012 audit committee meeting, do you recall any  
25 discussion of GMACM taking the position that

1 C. Dondzila

2 the \$47 million payment was not due, or the  
3 \$47 million correction was not appropriately  
4 due to Ally Bank?

5 A. Not at this meeting. I don't recall  
6 that being a topic of conversation.

7 Q. Okay. Do you recall GMACM -- do you  
8 recall the topic of GMACM taking the position  
9 that the \$47 million payment was not due to  
10 Ally Bank being the subject of conversation at  
11 any other audit committee meeting that you  
12 attended?

13 A. I don't recall it coming up  
14 explicitly in an audit committee meeting. I  
15 don't recall it being an explicit topic that we  
16 discussed.

17 Q. And with respect to the March 20,  
18 2012 meeting, was there any discussion about  
19 whether Residential Capital LLC had  
20 sufficient -- or GMACM had sufficient solvency  
21 to make the \$47 million payment to correct the  
22 FAS 91 deferral issue?

23 MR. LIPPS: Objection to form,  
24 assumes facts not in evidence. Go  
25 ahead.

1 C. Dondzila

2 A. As I recall, Residential Capital was  
3 already in violation of its net worth  
4 requirements at that point. This would have  
5 obviously made that situation -- would have  
6 compounded that situation, but as I recall, we  
7 were already below our requirement. And there  
8 could have been conversation about the fact  
9 that this would put us below our required  
10 threshold or would keep us below that.

11 Q. Do you recall one way or another?

12 MR. LIPPS: That discussion, or --

13 MR. PERRY: Yeah, that discussion  
14 at an audit committee meeting.

15 A. I do recall discussing whether, at  
16 this or potentially a previous, the -- a  
17 previous meeting the applicability, if any, of  
18 the outstanding commitment that Ally Financial  
19 had made in connection with the December 2009  
20 financial statements in terms of capital  
21 support and what impact, if any, that would  
22 have on our presentation or our materiality  
23 analysis in the context of a prior period  
24 error, meaning would we need to restate the  
25 2009 financial statements, and what standing,

1 C. Dondzila

2 if any, would the agreement that Ally had had  
3 at that point in time to support the net worth  
4 of ResCap have on that analysis. So I do  
5 recall discussing that with the audit  
6 committee. I do not know which meeting it was  
7 at.

8 Q. So, just big picture, was Ally Bank a  
9 lender to ResCap in any of these liquidity  
10 facilities?

11 A. Ally Bank was not a lender to ResCap,  
12 it was a counterparty to various contracts but  
13 was not a lender to ResCap.

14 Q. Was there any concern either at the  
15 March 20, 2012 audit committee meeting, or any  
16 other meeting, that here you have a -- an  
17 entity that's providing substantial credit  
18 support to ResCap; right? And they're  
19 demanding a \$47 million payment in March of  
20 2012, when the entity is obviously in a lot of  
21 financial distress, was that subject generally  
22 discussed at any of the audit committee  
23 meetings?

24 MR. LIPPS: Objection to form.

25 MS. WU: Same objection.

1 C. Dondzila

2 MR. LIPPS: Compound.

3 A. I'm not -- there were no

4 conversations that I would characterize

5 consistent with the way you described it that

6 occurred in any audit committee meetings I

7 attended.

8 Q. Was there a concern that if ResCap

9 took a different view with respect to the

10 \$47 million payment or settlement, that Ally

11 could or would take action with respect to any

12 of the liquidity facilities that it had

13 provided to ResCap?

14 MS. WU: Talking about Ally Bank or

15 Ally Financial? Because they're two

16 separate entities.

17 MR. PERRY: Either Ally Bank or

18 Ally Financial.

19 MR. LIPPS: Objection to form.

20 MS. WU: Same objection.

21 A. My involvement with the matter was to

22 determine what had happened and to participate

23 with the rest of management in concluding what

24 the answer was. I was not party to any

25 conversations such as you're suggesting

1 C. Dondzila

2 about -- that there could be adverse  
3 consequences to reaching a conclusion that was  
4 different than what we ultimately reached.

5 MR. PERRY: Give me 5 minutes.

6 THE VIDEOGRAPHER: The time is  
7 4:12. We're off the record.

8 (Recess taken.)

9 (Dondzila Exhibit No. 19 was marked for  
10 identification.)

11 THE VIDEOGRAPHER: The time is  
12 4:34. We're on the record.

13 BY MR. PERRY:

14 Q. Okay. Before you is Dondzila  
15 Deposition Exhibit 19. Can you identify this  
16 document?

17 A. Yes, I can. These are the minutes of  
18 the meeting, the telephonic meeting of the  
19 Residential Capital audit committee that had  
20 been held on March 20, 2012, at 7:30 a.m.  
21 Eastern.

22 Q. There's a reference to Jack Levy from  
23 Morrison Cohen. Do you know who he  
24 represented?

25 A. I do not know who he represented.

1 C. Dondzila

2 Q. Going to the second page, there's  
3 a -- the middle paragraph starting with the  
4 text "Referring to the written materials that  
5 have been previously distributed," it goes down  
6 and it says: "Discussion included, among other  
7 topics, quantitative and qualitative  
8 assessments, matters associated with the  
9 capital support agreements in place with Ally  
10 at December 31, 2009 and '11, and consideration  
11 of the 2009 restatement."

12 What do you recall the discussion  
13 about -- what do you recall about the  
14 discussion of matters associated with the  
15 capital support agreements in place with Ally  
16 at this audit committee meeting?

17 MR. LIPPS: Objection, I think  
18 that's been asked and answered, but go  
19 ahead.

20 A. That would have been in the context  
21 of what impact, if any, those agreements that  
22 were in place had in the matter of the  
23 possibility of a restatement of the financial  
24 statements, and the materiality of the error on  
25 those previously issued 2009 financial



1 C. Dondzila

2 statements, and anything that would ultimately,  
3 if we decided it was not going to be restated,  
4 be recorded in 2011's financial statements.

5 MR. PERRY: I have no further  
6 questions.

7 MR. LIPPS: All right. Anybody  
8 else have any questions? All right,  
9 concluded. We'll reserve the right to  
10 read and sign.

11 THE VIDEOGRAPHER: The time is  
12 4:36. We're off the record.

13  
14 (Deposition adjourned at 4:36 p.m.)  
15

16 \_\_\_\_\_  
17 CATHY DONDZILA

18 SUBSCRIBED AND SWORN TO BEFORE ME

19 THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2013.

20 \_\_\_\_\_  
21 (Notary Public)

22 My Commission expires: \_\_\_\_\_  
23  
24  
25

1 C. Dondzila

2 C E R T I F I C A T E

3 DISTRICT OF COLUMBIA:

4  
5 I, MARY ANN PAYONK, Shorthand Reporter,  
6 do hereby certify:

7 That the witness whose deposition is  
8 hereinbefore set forth was duly sworn, and that  
9 such deposition is a true record of the  
10 testimony given by such witness.

11 I further certify that I am not related  
12 to any of the parties to this action by blood  
13 or marriage, and that I am in no way interested  
14 in the outcome of this matter.

15 IN WITNESS WHEREOF, I have hereunto set  
16 my hand this 17th day of October, 2013.

17  
18 \_\_\_\_\_  
19 MARY ANN PAYONK, Shorthand Reporter  
20 Washington, D.C.  
21  
22  
23  
24  
25

C. Dondzila

- INDEX TO WITNESSES -

CATHY DONDZILA	PAGE
Examination by Mr. Perry	7

- INDEX TO EXHIBITS -

NO.	MARKED
Exhibit No. 1 . . . . .	15
Exhibit No. 2 . . . . .	29
Exhibit No. 3 . . . . .	38
Exhibit No. 4 . . . . .	39
Exhibit No. 5 . . . . .	46
Exhibit No. 6 . . . . .	49
Exhibit No. 7 . . . . .	54
Exhibit No. 8 . . . . .	66
Exhibit No. 9 . . . . .	79
Exhibit No. 10 . . . . .	105
Exhibit No. 11 . . . . .	109
Exhibit No. 12 . . . . .	123
Exhibit No. 13 . . . . .	128
Exhibit No. 14 . . . . .	130
Exhibit No. 15 . . . . .	137
Exhibit No. 16 . . . . .	166
Exhibit No. 17 . . . . .	168
Exhibit No. 18 . . . . .	170
Exhibit No. 19 . . . . .	191

C. Dondzila

NAME OF CASE: In Re Residential Capital

DATE OF DEPOSITION: October 17, 2013

1. To clarify the record.

2. To conform to the facts.

3. To correct transcription error.

Page \_\_\_\_\_ Line \_\_\_\_\_ Reason \_\_\_\_\_

From \_\_\_\_\_ to \_\_\_\_\_

Page \_\_\_\_\_ Line \_\_\_\_\_ Reason \_\_\_\_\_

From \_\_\_\_\_ to \_\_\_\_\_

Page \_\_\_\_\_ Line \_\_\_\_\_ Reason \_\_\_\_\_

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Page \_\_\_\_\_ Line \_\_\_\_\_ Reason \_\_\_\_\_

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Page \_\_\_\_\_ Line \_\_\_\_\_ Reason \_\_\_\_\_

From \_\_\_\_\_ to \_\_\_\_\_

Page \_\_\_\_\_ Line \_\_\_\_\_ Reason \_\_\_\_\_

From \_\_\_\_\_ to \_\_\_\_\_

CATHY DONDZILA

SUBSCRIBED AND SWORN TO BEFORE ME

THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2013.

(Notary Public)

My Commission expires: \_\_\_\_\_

1 C. Dondzila

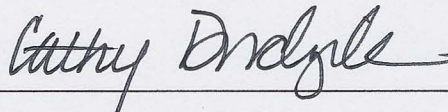
2 statements, and anything that would ultimately,  
3 if we decided it was not going to be restated,  
4 be recorded in 2011's financial statements.

5 MR. PERRY: I have no further  
6 questions.

7 MR. LIPPS: All right. Anybody  
8 else have any questions? All right,  
9 concluded. We'll reserve the right to  
10 read and sign.

11 THE VIDEOGRAPHER: The time is  
12 4:36. We're off the record.

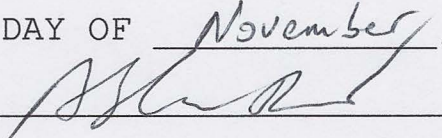
13  
14 (Deposition adjourned at 4:36 p.m.)

15  
16 

17 CATHY DONDZILA

18 SUBSCRIBED AND SWORN TO BEFORE ME

19 THIS 18 DAY OF November, 2013.

20   
21 (Notary Public)

22 My Commission expires: 12/31/2013





**Deposition Errata Sheet**

*In re Residential Capital, LLC, et al.,*  
**Case No. 12-12020(MG)**

Deponent: Cathy Dondzila  
Deposition Date: October 17, 2013

Citation	Testimony
19:6-7	would have <u>been</u> reconciled
20:14	and <del>regulatory compliance with requirements</del> <u>compliance with regulatory requirements</u> .
20:16	implementation <del>of</del> <u>by</u> our
35:25	sweep of cash would have resulted <del>from</del> <u>in</u> the
40:25	of -- upon disposition of <del>the</del> ResCap's assets and
45:16	<u>I'd have to</u> <del>To</del> look at the financial statements.
48:3	There <del>was</del> <u>were</u>
48:7	Mortgage <del>with</del> <u>to</u> service
58:10	it was a payable, <del>it</del> <u>you</u> would credit interest
63:11	<u>Brandy Brandee</u> Frank?
77:8	form, <u>it</u> just depended
84:22	two sibling entities <del>which</del> would be treated through
92:14	<del>revolving</del> <u>Revolver</u> and LOC are recorded
123:5	Mr. Lipps to my left, <u>Robert</u> to my far left;
123:7	And I'm forgetting the <u>last name of the</u> other Alex from
127:24	<u>Res Resi</u> Holdings
159:10	which <del>was</del> <u>was</u> that <del>was</del> my earnings
167:5	Professional Guidelines <u>SAP SAB</u> 99
168:11	<u>SAP SAB</u> 99
182:13	approximately <u>\$</u> 47
183:15	We understood -- <del>we</del> <u>me</u> , myself and my

Date:

11/17/13

Signed:

Cathy Dondzila  
Cathy Dondzila